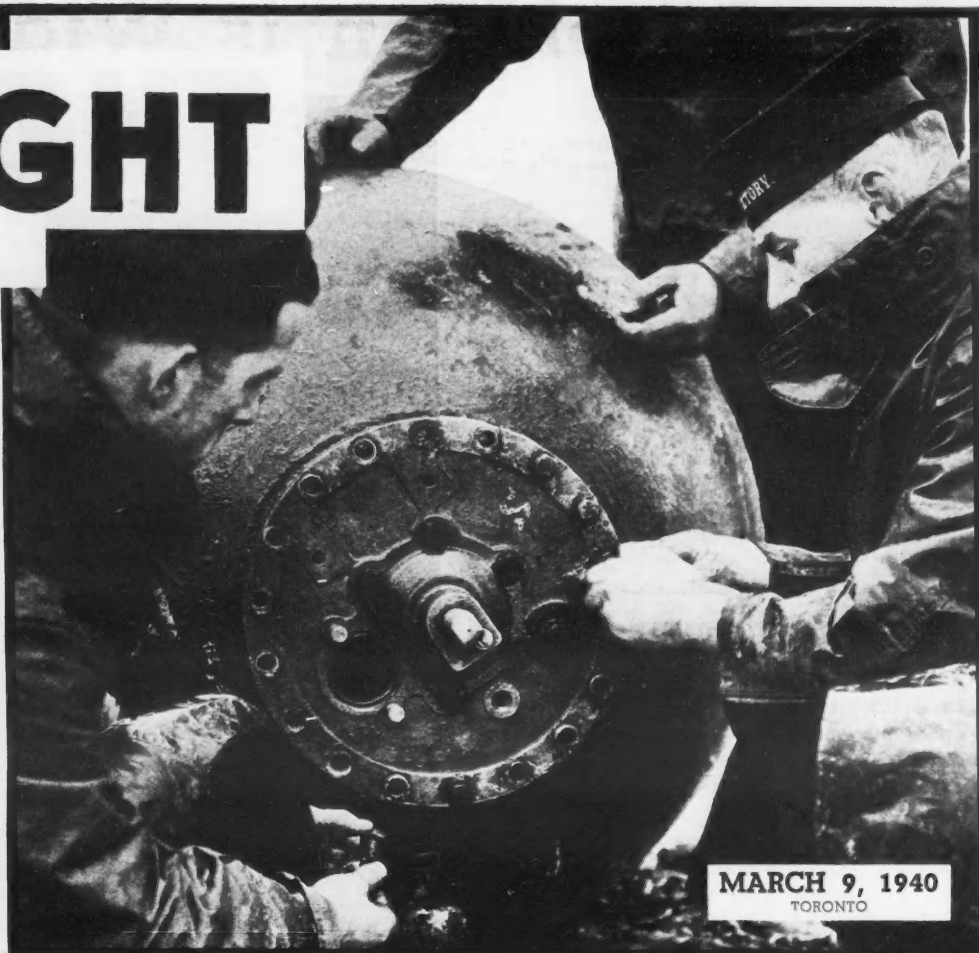


SATURDAY NIGHT

THE CANADIAN WEEKLY

TEN CENTS
VOL. 55, NO. 19MARCH 9, 1940
TORONTO

THE War of Censorships is on. Mr. King prevents us from hearing what his censors think is likely to discourage recruiting, and what might incidentally discourage votes for the King Government; and Mr. Hepburn prevents us from seeing what might discourage votes for the Manion Opposition, without any reference to whether it would encourage recruiting or not. We do not understand that there is any suggestion from Mr. Hepburn's pocket Board of Film Censors that the "March of Time" film is calculated to cause disaffection to His Majesty.

It is fortunate that each authority, Dominion and provincial, operates in a different medium of communication. If we had, as we might have, both federal and provincial censorships of the press, the movies, the radio and the public meeting, we should probably, in Ontario at least, never be permitted to learn anything. Mr. King would suppress whatever he disliked and Mr. Hepburn whatever he disliked, and there would be nothing of importance left. This condition may come. A radio station in Ontario is unquestionably property and civil rights within the province. Under Chief Justice Greenshields' judgment in the Quebec Padlock Law case, Mr. Hepburn could unquestionably station a provincial policeman at every studio, with instructions to gag the speaker whenever he should approach the subject of the excellence of Canada's war preparations. With the C.B.C. gagging him whenever he approached the subject of their defects, the radio public would be effectually immunized against all information.

Let the U.S. Laugh

MR. HEPBURN'S ban on the "March of Time" film need be no surprise. That is the kind of government we live under in Ontario—a government of whimsical dictatorship. We are used to it, we make the necessary allowances for it, and so in general it does us no harm. The regrettable thing about the ban is the effect it will have in the United States. Here is a film produced mainly for the United States, the Ontario theatres being an almost negligible fraction of its market; a film which should have had immense value as Allied propaganda, as showing what a North American nation with a proper sense of its relations to the rest of the human race can do in a world emergency. And here is Mr. Hepburn, by an action which is inevitably made an item of front-page news all over North America, damning it as a piece of party politics, so false and misleading that the people of his Province must not be subjected to its influence.

Mr. Hepburn is already on record as saying, several months ago, that the American people were "laughing" at Canada's war effort. The "March of Time" people, who are quite definitely American, were evidently not "laughing" at Canada's war effort. So Mr. Hepburn uses the authority of his Film Board to take action which will proclaim to all America that the "March of Time" people have been fooled by an astute Canadian Government, that Canada's war effort is nothing like what they pictorially represent it to be, and that the American people may take his word for it that they can go on laughing.

It is not, for Canadians, a matter for laughing.

Let Us Stick to Facts

IN COMMON with what we imagine to be a large majority of the people of Canada, we do not feel any great alarm about the possibility of the King Government being returned to power in the elections of March 26, nor about the possibility of its being replaced by a government headed by Dr. Manion. Crucial as are the times in which we live, we doubt whether either of these events would make any great amount of difference to the ultimate issue of the war, or to the unity, safety and progress of Canada. We do feel some alarm about the possibility of a Parliament in which a working majority could be secured only by combining two or more political groups; but we incline to think that our apprehension on this score is shared by so many other Canadians that the popular vote for the minor parties will be considerably less than it has been for some decades past.

But while we do not greatly care whether the electors of Canada decide for Mr. King or for Dr. Manion, we do think it is important that they should decide by consideration of the real issues and not of

THE FRONT PAGE

any issues that have been invented for the purpose of taking advantage, in either direction, of the feelings natural to different kinds of Canadians in time of war. Thus we believe Dr. Manion to be quite as honestly opposed to conscription as Mr. King, and yet we do not believe that either of them would take any action to block conscription if as the war develops it should prove that that method of raising forces is necessary in order that Canada may perform her proper part in the struggle. And thus also we believe that Dr. Manion, had he been prime minister at the last Imperial conference, would have acted in no wise differently from Mr. King in the matter of refusing to pledge the participation of Canada in any and all wars in which Great Britain might find itself engaged—a refusal for which Mr. King is at the present time being charged by some of his opponents with a species of treason.

CANADA is not a colony. As far back as 1922 the leading expert on the Canadian Constitution, Prof. W. P. M. Kennedy, in the preface to the first edition of his work on the Canadian Constitution, said: "Without doubt Canada is a nation, and beyond question Canada owns a sovereignty." More recently the authors of "Canada Looks Abroad" (1938), Messrs. R. A. MacKay and E. B. Rogers, have declared that "The constitutional right of Canada to decide for herself the question of active participation in any war in which Great Britain or other parts of the Commonwealth had become engaged is no longer open to argument, if indeed it ever was." MacKay and Rogers were inclined at that time to deny the right of outright neutrality; but subsequent events in Eire seem to show that Dominion status includes the right of neutrality as much as that of non-participation.

Now what some of Mr. King's critics are claiming (not Dr. Manion, but persons of more local influence) is, in effect, that Mr. King should have thrown overboard these sovereign rights and bound Canada to active participation in any war into which Great Britain might enter, thus causing Canada to revert automatically to the status of a colony, and reversing all the tendencies of Canadian statesmanship in both parties from Sir Robert Borden onwards. The trouble is that at a moment when we are actually engaged along with Great Britain in a war of which we heartily and pretty unanimously approve, it is easy to forget that there could be wars waged by Great Britain of which we should not approve so easily; and to forget also that Mr. Ben-

nett in his five years of office did nothing to bring about an automatic participation by Canada in any and every British war.

THE plain truth is that automatic participation by the Dominions in wars entered upon by the action of one Parliament alone, that of Great Britain, is a political impossibility, and has been recognized as such for a generation and more. There are other possible means of securing that close co-operation in defence policies which most Canadians—especially now that German bombers and raiders are abroad—do definitely desire, but Canadians have never made up their minds to them, just as they have never made up their minds, and will not until compelled, to many other things which they need and wish for. Right up to a time when people are talking glibly about federating Europe, we have never been able to federate even the Empire, which would be one way of meeting the problem. And we in Canada, Conservatives and Liberals alike, and the C.C.F. still more so, have never been willing to enter into any treaty with Great Britain, defining the kinds of war into which we will undertake to go with Great Britain and the procedure by which they are to be entered into. If Dr. Manion is prepared to enter into such a treaty now, or to propose a move towards Imperial Federation, he has said nothing about it. His predecessor in the leadership of the Conservative neither said nor did anything about it. In these circumstances, the right of lesser Conservatives to criticize Mr. King for not doing something about it is dubious.

Some Details at Last

SO LONG as he himself was personally running the New Democracy party, Mr. Herridge succeeded in remaining magnificently and indefeasibly vague about every single one of his policy proposals. But now that he has leased the copyright in the New Democracy title to his friends the Social Crediters of Alberta, he has lost control, and the party's program as released at Edmonton last week, while still woolly in some respects, contains enough practical detail to scare off almost anybody except the people who have nothing to lose, or think they have nothing to lose, by a program of confiscation and repudiation.

The financing of Canada's share in the prosecution of the war is to be effected by means of the creation of "the necessary debt-free credit and currency." That

THE PASSING SHOW

BY HAL FRANK

FRANKLY, though, some of these coiffures strike us as being much hair-don't about nothing.

Germany Prepares for Colossal Blow — *Daily Press*. Hitler to speak again?

Mussolini is storming at the British blockade. He's one neutral who's evidently determined not to lose this war.

And you will know it is Utopia, too, because a lurid headline in the press will only concern a politician who slashed the tax rate.

We are inclined to agree with Premier Hepburn that the March of Time film, "Canada at War," doesn't tell the whole story. There should have been a scene showing Mr. Hepburn taking a sock at Mr. King.

The Canadian election is having a hard going. Every time it warms up Mr. Hepburn intrudes with the cold shoulder.

The messages of sympathy to Finland would have a more practical value if they were engraved on shells and airplane engines.

People are certainly getting cynical. Oscar reports a neighbor of his who has read his seed catalogue three times, trying to sift the truth from the propaganda.

Well, it appears that Hitler told Mr. Sumner Welles that Nazi Germany was prepared to fight to its finish.

So many thousands of Russians have been killed in Finland that Timus suspects the Soviets are under the impression they are conducting not a war but a purge.

But you get a trifle down-hearted when you realize that the kind of world we want after the war is the one we don't deserve.

The people of Toronto are remarkable for their endurance. This week, particularly, when they are seeing the four-hour-long "Gone With the Wind," a four-hour-long production of "Hamlet" and listening to speeches by politicians.

Esther says that perhaps the explanation of the stalemate on the Western Front is that the Siegfried and Maginot lines are parallel and parallel lines never meet.

↑ THE PICTURES ↓

UNSUNG HEROES. One often reads of a stranded mine being washed ashore on Britain's coast, but few people realize the risks taken by the experts in their task of rendering these menaces of the sea harmless. These unusual pictures were made on the south-east coast when a mine was seen to be drifting toward the shore. A rope was thrown in good cowboy style, the mine lassoed and hauled on land. Then began the hazardous job of relieving the machine of its power of destruction.

is to say the currency is to be inflated by the injection of whatever amount may be necessary of additional dollars without the slightest regard to reserve or to redeemability. The conscription of manpower, which the party apparently itself absolutely opposes, is to be preceded by "conscription of finance," whatever that may mean, "without expropriation of individual's property or money." What sort of finance it is that can be conscripted without conscripting property or money we have no idea, but the Social Crediters have always regarded finance as a sort of mysterious power arising out of nothing, and conferred as a monopoly upon bankers by the Bank Act.

Mr. Herridge could have put all this so much more glamorously, and so much more unintelligibly.

The Late E. W. Schuch

MANY music-lovers of the older generation learned with regret of the death of Edward W. Schuch, formerly a leading singer, teacher and choir-master in Toronto, and a critic whose opinions carried weight with a great and discriminating public for many years. Ninety-three years of age, he had continued active as a singing teacher up to his eightieth year. His wit and geniality made him a popular figure socially, and in his earlier years the range of his activities was immense. He possessed a marked literary gift, and began to write effective musical criticism in the *Toronto Globe* in the 'eighties. During the first five years of the existence of SATURDAY NIGHT, beginning in 1887, he was musical critic of this paper, the first of a long series of highly qualified experts; and he retained his love for the critical art until the end. Our readers will recall the admirable review of musical progress in Canada which he wrote for the semi-centenary issue of this paper in December 1937.

Justice and Criticism

WE ARE glad to see the Kingston *Whig-Standard* refusing to feel rebuked by the recent observations of Mr. W. F. Nickle, K.C., former Attorney-General of Ontario, concerning the famous Taylor automobile accident case in Kingston. In this case, in which four persons lost their lives, a young man was charged with dangerous driving, and the grand jury brought in "no bill." The *Whig-Standard*, along with other Ontario newspapers, held that this was a serious error, and the present Attorney-General ordered the case put before a new grand jury, which brought in a "true bill." Mr. Nickle argued unsuccessfully for dismissal of the charge on the ground that the crown had no right to place the indictment before a second grand jury; and while arguing in support of this motion, he spoke of "a blast" which "was heard from the public press," and said: "It is difficult to determine why the press was not brought before the court for contempt."

It would be unfortunate if the idea got abroad, on Mr. Nickle's authority, that the press is debarred from criticising the action of a grand jury, or indeed of any other judicial body in the country. The Ontario courts have ruled, only four years ago, that in order to sustain an application to the court for contempt proceedings "the publication complained of must be at least calculated really to interfere with a fair trial." And curiously enough, on the same day in 1936, the Judicial Committee of the Privy Council reversed a Trinidad contempt verdict and declared that the work of the court was a proper subject to be freely debated in public "provided the criticism is not

(Continued on Page Three)

New Revolution is Widening Horizons of Industry

BY SYDNEY B. SELF

Industry on the North American continent is today entering a new phase—a phase which many think as vital and far-reaching as the industrial revolution which rose in Victorian England to reshape the world's economic and political structure. For lack of a better name it has been called the "chemical revolution," although its influence is being felt in every industry worthy of the name. Herewith, SATURDAY NIGHT presents the first of an extended series of articles on these "New Horizons for Industry." Prepared under the direction of Sydney B. Self, a staff writer of the Wall Street Journal, these articles will attempt to look into the immediate, practical future of a dozen or more key industries whose fortunes are being made—and unmade—by the progress of dynamic research.

BACK in Victorian days in England, following the invention of steam power, the machine age started an industrial revolution.

It is of course hard to fix exact dates for the start of any of these great fundamental changes in human affairs, or even to give the right name to the new forces.

THE PICTURES

WHAT MAY BE THE LAST Toronto Skating Carnival for the duration of the war will be presented at the Maple Leaf Gardens, Toronto, next week. During the 1914-18 conflict, the Carnival was suspended while more than one-half of its male members enlisted and a considerable number of the lady members volunteered for overseas auxiliary services. A considerable part of the proceeds from the present Carnival has been pledged to the Canadian Red Cross. Among the headliners in the elaborate ice-show which is attracting thousands of visitors from across the border are: UPPER LEFT, Vivi-Anne Hulten, ten times winner of European championships, including two Olympic titles, who is visiting European star of the Carnival and who is hailed by the figure skating experts as the world's greatest interpretative dancer on skates; UPPER RIGHT, Eleanor O'Meara, premiere ballerina of the spectacular senior ballet; LOWER LEFT, the sensational Caley Sisters of the Granite Club, Toronto, who smilingly but consistently spurn the blandishments of professionalism; LOWER RIGHT, Norah McCarthy and Ralph McCreath, 1940 Canadian pairs champions and, individually, holders of the ladies' figure skating title and the men's figure skating title.

However, some time within the past few decades, a new spirit that had been incubating quietly for a long time took hold of our economic life. At first nebulous in the extreme, it is now taking such definite and practical form that we can begin to size it up—appreciate some of its potentialities.

It is carrying us, full tide, into what is surely going to be a chemical revolution, or as some prefer to call it, the age of the synthetics.

It is dynamic, deep rooted, and revolutionary. Like all real revolutions it probably has a long time to run and its effects may be as far-reaching as those of mechanization.

The first industrial revolution substituted the power of steam and later of electricity for the muscle of men in the thousand and one businesses of turning materials into goods for our use.

The coming chemical revolution is changing the whole conception of materials, created by Nature, which industry has been using. It is even beginning to substitute for these, man-created materials more perfectly adapted to the uses for which they are to be put.

It all started of course with the man in the laboratory, who has taken the place of the explorer who went out in ships and covered wagons to find new lands and new wealth.

Molecules and Atoms

But the scientist instead of searching to expand the knowledge of the largest thing we know—the globe we live on—probed into the mysteries of the smallest things we know—molecules and atoms. There he has found new frontiers quite as wide and quite as full of new sources of wealth to serve men's needs as the lands found by Columbus.

The background for these discoveries was an enormous accumulation of knowledge—still piling up faster than ever—of just how the molecules are arranged in such things as silk, or rubber, or petroleum, or the cellulose that makes up half of all vegetable matter. Even metals have had their inner anatomy mapped out—though there is no attempt as yet to make truly synthetic metals.

All sorts of new and rather miraculous apparatus—from atom smashers to spectrometers—are being used in the work.

Research has thrown a brilliant searchlight on why materials act as they do and also on how to make new chemical materials more efficiently and more cheaply from new starting points.

The next logical step—as knowledge piled up—was for chemicals to become discontented with the imperfect things made by nature which we feed to our machines.

"We no longer try to remodel a carriage into a motor car that must run 70 miles an hour," says the chemist, "or a colonial house into a sky-scraper. Some day perhaps not very far off, it will be equally illogical to use natural raw materials when our machines will run very much better on materials created by design and plan."

So the chemist is finding new and better raw materials to take the place of silk and wool and rubber and leather, or, where it seems more efficient, he changes the chemical setup of natural materials to make them easier to work with.

He has found that most of the natural raw materials, with the exception of minerals, are what are called synthetic, organic chemicals and that they can generally be made simply by shifting molecules around if the proper technique is used.

Custom-Made Raw Materials

He doesn't try to make one all purpose plastic, or synthetic rubber or textile fibre—he makes a dozen each one with qualities for a special place in industry. He is still a long way from perfection in any of his creations but progress and improvement is rapid.

Further, the starting places for making these synthetics have been enormously extended. It is convenient



to say for example that du Pont's "Nylon" is made from coal and air or that the new Buna synthetic rubbers are made from petroleum. The fact is, however, that Nylon and Buna are just new arrangements of the carbon hydrogen or other molecules found in what is called organic matter. It would be possible, if necessary, to use coal or petroleum or even wood and paper mill waste for either or both if economics should dictate.

Thus, scientists, working in the higher atmosphere of theory, in chemical, electrical and metallurgical laboratories have demonstrated to hard-headed industrial executives how they could develop new sources of business to replace old ones that had reached a saturation point.

The new point of view of considering every material as a chemical to be modified by new techniques in its inmost structure, along with the creation of new materials to be used in industry, has meant that the scientific point of approach to industry has spread rapidly far outside its original bounds of the chemical industry.

New Horizons

Textile mills, rubber factories, automobile accessory makers, among others are using synthetic materials, such as nylon, artificial rubber, plastics, so they have all had to climb on the chemical band wagon.

Oil refiners have started to use strictly organic chemical technique; paper companies are going to use their wastes as profitable new sources of income; electrical companies, steel companies, motor companies are using the chemical technique.

So the leaders in most of the industries you can name, who have awakened to what is going on in the last few years are employing research in some way or other—to widen their fields, improve their products, find new and better raw materials and new markets for the things they make.

The devil, or his minion, bankruptcy, will certainly take the hindmost.

The results of all this are of the deepest concern to every executive, every investor, every statesman.

It means cheaper and better goods, and incidentally, the opportunity for bigger profits. But it also means cross competition from a hundred sources, most of them unexpected. It means more rapid changes in industry than ever before. The chemical industry is going to compete with nearly every other industry, and nearly all industries are apparently on the road to competing with each other and with the chemical industry.

Out of this maelstrom will come big profits for the alert, and ruin for the lethargic. Unexpected sources of income will come to apparently water-logged industries and profitable monopolies will be spoiled.

The little company will sometimes have as good a chance as the big one, because, contrary to general belief, there is no complete monopoly on brains, and patents these days often mean only the basis for law suits.

New Products Succeed

Since 1929 many of the chemical companies who have been research leaders have made their greatest growth, by translating the experiments of the 1920's into the big business of the 1930's.

Du Pont, largest chemical company in the United States, now derives 40% of its total sales from 12 new

lines brought to fruition in the last ten years. Making these new products required the employment of 7,000 more workers and the price of the new things was reduced an average of 40% during the decade. Last year the largest of du Pont's divisions in dollar sales was the rayon department, next was organic chemicals, third fabric and finishes and fourth cellophane, all of which have their major growth since 1929.

The same situation is true of United Carbide. Ten years ago the company's ferro-alloys and its synthetic organic chemicals were minor divisions of the business and rated little attention. Today they are probably close to the top as producers of profits. Meanwhile, the oxygen division has been kept in step by developing a tank car method of shipping liquid oxygen which has come close to revolutionizing certain basic steel procedure.

Exploring the Unknown

Looking ahead, not even the chemist can tell what the ultimate results of his work will be. A new thing is made and then a hundred workers start trying it in a hundred laboratories. Sometimes logical uses are found and sometimes an entirely unexpected vista is opened up.

The technicians who worked out the production of cellophane could hardly have imagined that it would virtually wrap up America. It was years before the butyl alcohol made as a by-product of acetone in war time plants, was utilized to revolutionize the finishing of automobiles.

So with the things that are being perfected today;

some have uses already important to industry and others are still hidden.

Because chemists learned not so many years ago that a clay material called a catalyst would make the complicated molecules in petroleum join in more efficient chains and orderly rings, we will fly faster across the continent, drive cars with new motors and use cheap, synthetic rubber.

A paper company turns a chemist loose to find a way to use waste that is polluting a river and as a result becomes able to produce half the country's synthetic vanilla flavoring and thereby mixes it up with the coal tar industry.

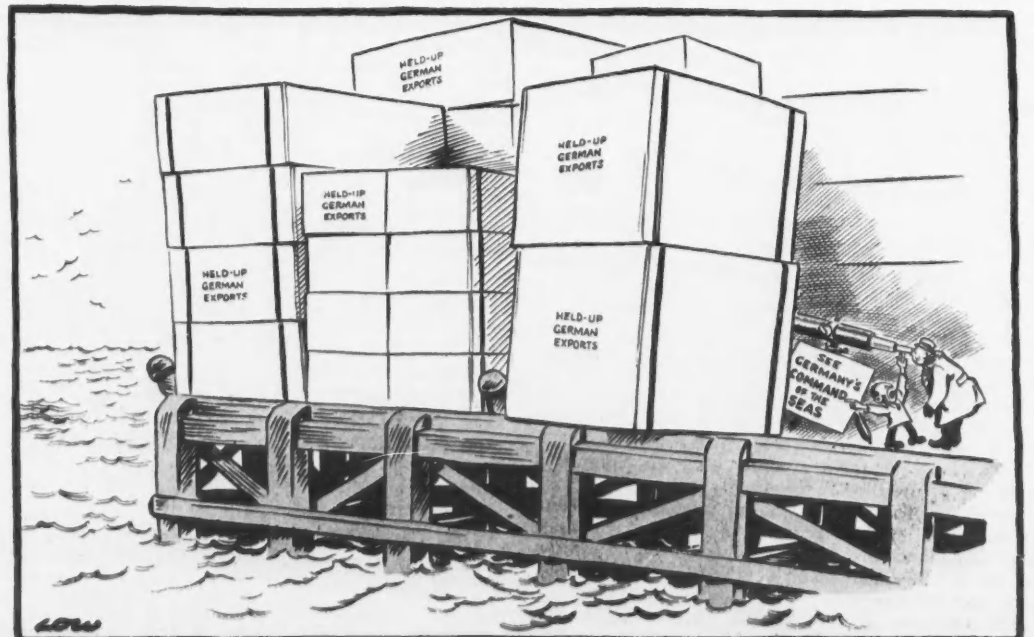
Eastman Kodak Co. looking for a way to pack films in vacuum cases finds a superior method of making vitamins for General Foods to use in flour and cattle feed.

So inter-relation of all research and consequently of all industry becomes closer and closer, and only a mental tightrope artist can keep track.

In spite of the rapid pace of research it takes around five years for a product to go from laboratory to commercial earnings and generally eight or ten years for a major industry to develop.

We have today an enormous accumulation of knowledge over what we had ten years ago, much greater concentration on research and appreciation of its value, many more new but potentially great budding industries.

There is sound basis for confidence that our next ten years should carry us far ahead of the achievements of the notable and to some people highly profitable 1930's.



"SEE GERMANY'S COMMAND OF THE SEAS"

By Lou.

Hitler Has Shown Hand

BY LIONEL GELBER

THAT the appetite grows by what it feeds on was never better illustrated than in Hitler's conversation with the American Under-Secretary of State, Sumner Welles. For while all of Hitler's supposed peace terms are quite unacceptable, some are more surprising than others. The idea of a permanent German hegemony over Czechoslovakia and German Poland is not unexpected; but that Hitler should demand that this also be extended over Hungary must inevitably excite apprehension not only in Budapest but in Rome and Bucharest as well. For Germany cannot gain a permanent ascendancy over Hungary unless that unhappy country is finally deserted by her Italian patron—the persistent champion of her revisionist claims—unless indeed Italy herself renounces her long-cherished ambition of primacy in the Balkans.

But in Roumania, too, Hitler's reported terms will serve only to increase an anxiety which is already great. For with Germany exercising a permanent hegemony over Hungary the independence of Roumania, even if outwardly preserved, could scarcely be worth much—unless Russia, jealous of German expansion in the Balkans, decides to object. Seeking to turn the Balkans as well as Scandinavia into German spheres of influence Hitler is alleged to have told Mr. Welles that he also wants guarantees that Britain and France will not stir up these regions against him. For Nazi Germany, like Imperial Germany before her, is once more engaged upon her *Drang nach Osten*, her drive towards the East; and here as elsewhere the Allies must again stand in opposition to defend their Eastern Empires.

European Mastery

What Hitler's peace terms embody, definitely and concretely, is nothing less than European mastery. And when the Allies reject them it will be not only because they are sworn to restore the freedom of small nations (such as Czechoslovakia, German Poland and threatened Hungary) over whom Hitler voiced Germany's wish always to tyrannize. It will also be because neither Britain nor France could for one moment survive as first-class Powers if, so strengthened by conquest, so enriched with plunder, so swollen with pride, Germany at last achieves what she has long sought and desired, the unchallengeable domination of Europe.

That such are Hitler's objectives is not precisely news. What is striking and profoundly significant in his conversation with Mr. Welles is that Hitler, besides making a bid for the domination of Europe, is now openly striving for world power as well. For no other meaning can be attached to his demand not only for the return of the German colonies and the freedom of the seas, but that Gibraltar, Malta and Singapore be dismantled. These are nerve-centres and strategic outposts of British naval strength; without them the lines of communication between outlying portions of our far-flung Empire would be broken; at one blow the entire Commonwealth reduced to fragments, scattered, impotent, at the mercy of a foreign invader.

German Colossus

More than his purely European terms it is these stipulations which reveal that Hitler dreams not only of European mastery but to bestride the world as a Colossus. For hitherto he has always proposed as a basis of settlement with Great Britain a division of influence and function. Let Britain, he has protested, recognize his continental domination and he, in return will recognize her supremacy overseas. Since the autumn of 1937, at least, some observers have felt that this was the Nazi program: to have German land-power and British sea-power partition the world between them, the one not to encroach on the sphere of the other; inside Europe a free hand for Germany, outside Europe a free hand for Great Britain. But now a change has occurred; his greed and megalomania having mounted with his triumphs, Hitler suggests terms to Mr. Welles which not only assure Germany her continental domination, but also are designed to rob Great Britain of her Imperial and naval power overseas.

U.S. Not Outsider

Britain could, of course, never retire from European politics, as Hitler wants, because geography has decreed and history teaches that it is there that she must first fight for her own national liberty; there that she must first preserve her own independence and greatness against the overweening hegemony of any single state or group of states. Still less will she yield to Hitler those key-points of her Imperial and oceanic power—naval bases, colonies, freedom of the seas—on which alone an extra-European German world order could be founded. And it is well that a distinguished American emissary should ascertain these facts at first hand. For, thus defined by Hitler himself, the issue has clearly been magnified beyond its strictly European proportions. The prospect of a German world order, as implied by his terms, is a war aim which, as a matter of immediate self-interest, the United States herself can view neither with indifference nor any pretence of detachment. For, at rock-bottom, the question raised by Mr. Welles' talk with Hitler is not whether the United States would herself be a fit neutral mediator, but whether during the past week-end she has not become, in a very vital sense, on her own account, a deeply interested party.

What Did Welles Think?

THE impression left by his Napoleonic host on Mr. Welles is a tantalizing subject for speculation. We know how at similar interviews in years past, Hitler treated guests, such as Sir John Simon, Mr. Eden and Lord Halifax, to fiery harangues of the kind with which he bewitched the German masses, and not unlike those which sometimes greeted statesmen who visited his predecessor, the Emperor William II. Mr. Welles is a career diplomatist accustomed to that quiet and accurate negotiation, that calm consideration of policy, which is the essence of his highly-skilled profession; the dictators with whom he is more familiar are those less formidable ones who flourish below the Rio Grande. On him a typical Hitler tirade of arrogance and passion would be bound to jar. But for another reason also. Mr. Welles is credited with being the leader of a school of thought in the American State Department (a school of thought which existed also in other capitals) that believed, later than most, that somehow an arrangement could yet be reached with totalitarian régimes. From that view Mr. Cordell Hull, the Secretary of State, may have dissented. But as a special envoy from the President, Mr. Sumner Welles was probably more acceptable to Berlin than any other senior American diplomatist; if he fails, none may succeed.

The rough demagogic man of the people in the role of supreme German autocrat; the trained diplomatist and urbane American aristocrat, servant of a great peace-loving democracy;—as a study in human contrasts few could be more full of dramatic irony, or of tragedy on a catastrophic scale.

FROM WEEK TO WEEK

One Objective of the War

BY B. K. SANDWELL

SOME months ago SATURDAY NIGHT published two articles by Dr. Winthrop Bell of Chester, N.S., working out the thesis that the Nazi doctrine of *Lebensraum* implies, though it does not expressly state, the idea that the population now existing in areas needed for German expansion shall be exterminated. This thesis of Dr. Bell's is corroborated in every respect by the observations of Mr. Knickerbocker, the brilliant American correspondent who is now touring the United States with a lecture on the war and its significance, and who last week visited Toronto. It is also borne out by everything that has come to light up to the present concerning the actions of Germany in Poland. Extermination, of course, need not necessarily take the form of murder by the use of a lethal weapon; it can be effected just as well by sending great numbers of victims to an area which is economically incapable of supporting them, or even by taking them out to the borders of the country and pushing them out into a world no other portion of which is willing to receive them.

I do not know by just what process of thinking the Canadian and American peoples have assured themselves that if Germany were victorious in the present war the fate of France and Great Britain would be materially different from the fate of Poland. I can see no reason in economics or in ethics why it should be. The territory of France, at any rate, is just as adjacent to the territory of Germany as that of Poland was, and is very much more desirable economically. The only reason why Germany went after Poland and not after France is that Poland was weak in a military sense and France is relatively strong. When they can do so, the Germans naturally prefer to take on their enemies one by one, beginning with the weakest and proceeding, as they strengthen themselves by each successive conquest, to those which are more powerful. I can think of no conceivable reason which would lead us to suppose that, if the Germans broke down the resistance of the French Army, they would treat France in any different way from that in which they are treating Poland. They have Poland in their power, and France they have not yet in their power. That is a difference in favor of France; but if ever they get France in their power, the difference will be in favor of Poland, which only resisted for eighteen days and cost only a few thousand German lives, whereas the conquest of France may take years and may cost millions of German lives.

The Germans have for generations regarded France as their hereditary enemy, and habitually talk about her in that sense except when they are trying to persuade the French that they really love France and would like nothing better than to be friends with her if only she would not tie herself up with their hated enemy, England. Any present attitude of moderation on the part of Germany towards France is for diplomatic reasons only; if France's military power were smashed, Germany's attitude towards her would be exactly the same as toward Poland.

Making Conquest Pay

As Mr. Knickerbocker points out, the Germans with their extermination doctrine have found the weak spot in the argument of Sir Norman Angell, that conquest does not pay. That theory is true only of conquest carried out in the modern "civilized" manner. It is not true of conquest accompanied by the extermination or substantial expulsion of the conquered race, after the fashion of the great military migrations of ancient times. The Germans are making the conquest of Poland pay by taking over the entire property rights of the Poles in everything in what was formerly Poland. The spoils of war are the whole assets of the conquered nation. This means that the conquered nation must starve, but that causes no difficulty to the Germans, for the mere labor power of a conquered and enslaved race is no longer worth what it costs to feed it. The conquest of France would therefore be accompanied by the extermination or expulsion of the French people, and the establishment of Germans throughout that immensely rich and valuable territory.

Whether the Germans would be ready immediately to undertake the complete Germanization of the

British Isles is perhaps another question. Much would depend upon the size of the German population at the moment of conquest, and upon whether the government preferred to bring home to the German flag the Germans now scattered under other flags all over the surface of the earth, or to leave them where they are as a nucleus for further expansive effort. There would be nothing to prevent the operation from being indefinitely postponed until Germany felt ready to tackle it, for with France in the possession of Germany, and the Low Countries thereby reduced to impotence, if not actually occupied, the military position of Great Britain would be completely untenable. No great Empire could ever again be ruled from London, and no great Navy could ever again be based upon the ports of the British Isles. If a British Government were allowed to subsist at all it would be just as subject to the orders of Berlin as the government of Slovakia is at the present time.

Stalemate is Postponement

These are not idle dreams, they are the perfectly serious war objectives of a German people armed to the teeth and organized for predatory warfare as no nation has been since the time of Alexander the Great. It is no use saying that a civilized nation like Germany would not behave in this manner, because a civilized nation like Germany has behaved and is behaving in this manner, and has enunciated clearly and explicitly the doctrine under which it feels itself entitled to behave in this manner—the doctrine of the superiority of the German race and of its right to all the *Lebensraum* that it needs without regard to the consequences to other people. If Germany is victorious in this war, we may just as well reconcile ourselves to the truth that Great Britain and France will be destroyed—destroyed as nations in any event, and probably destroyed as populations also. And if the war ends in a stalemate, or in a negotiated peace which does not include the complete abolition of the Nazi régime in Germany and a convincing proof to the German people that their dream of world conquest cannot be realized, we shall simply be postponing the ultimate struggle until a time when it will be more convenient for Germany to resume it. A negotiated peace now means a state of virtual though not admitted warfare in Europe for whatever time may elapse before the next open warfare breaks out. I think that the interval would not be long, and I am sure that it would not be to the advantage of either Great Britain or France.

I cannot bring myself to believe that President Roosevelt has any desire for a negotiated peace at the present time. The mission of Mr. Sumner Welles may have an entirely different meaning. It may mean that Mr. Roosevelt wants to convince his own people that Germany will not now accept peace upon any terms which they would consider decent. It is likely that the American public is prepared to accept a peace which does not involve the reconstitution of Poland as an independent country, with its own people restored to their property and occupations? Which does not involve the freedom of Czechoslovakia? Which does not provide Finland with a guarantee against future attacks such as that to which it is now being subjected, and compensation so far as possible for what it has already suffered?

It is likely that the American public is prepared to accept a peace which leaves Herr Hitler and Herr Himmler in undisputed possession of the bodies and souls of the whole population of Old Germany, of Austria, of Czechoslovakia? And if they can be convinced that no better peace than this can be secured until Germany is conquered, will they not begin to realize that this is not "just another imperialist war," but that it is a struggle, and probably the last that will ever be possible, to prevent Germany from realizing what she vaguely dreamed of twenty-five years ago and what she has since formulated with horrifying ruthlessness and efficiency—the German domination by force of the entire world, and the German seizure by force of everything that is worth having on its five continents and its seven seas?

The Front Page

(Continued from Page One)

actuated by malice or intended to impair the administration of justice."

It would be very difficult to maintain that a criticism of the decision of a grand jury is necessarily actuated by malice or intended to impair the administration of justice. In Canada, where the press is in the main serious and responsible, it is a fair assumption that in the great majority of cases such criticism is actuated by a sense of the public interest and intended to improve the administration of justice. The courts are quite competent to form their own opinion of the motives of the critics, and do not need to be helped by Mr. Nickle's assumption that that motive is necessarily bad.

Under the British Flag

THE Toronto Star and Columnist Judith Robinson in the Toronto Globe and Mail are doing useful work in drawing public attention to the case of Arthur Bartolotti, now under an order for deportation to Italy issued by the Immigration Branch of the Department of Mines and Resources of the Dominion of Canada. This order was issued on the strength of a finding by Department officials that Bartolotti was guilty of a technical violation of immigration regulations when re-entering Canada after a short absence. SATURDAY NIGHT has maintained for many years that the absolute power of deportation vested in the Minister by these regulations is an extremely dangerous power, that if kept in the regulations at all it should only be exercised with the greatest care, and that it should never be exercised in the case of a person who has been guilty of no other misconduct making him an undesirable resident of Canada, and who would be exposed to the risk of political prosecution if returned to the country of his origin.

All of these objections to deportation apply very strongly in the case of Bartolotti, and it is our earnest hope that the Hon. T. A. Crerar, who is one of the most humane and liberal-minded members of

the King Administration, will reverse the decision of his officials and permit this well-known and energetic opponent of the Fascist system of government to remain in Canada instead of handing him over to the Fascist officials of Italy. But more than that, we think that a revision of the regulations is long overdue. The idea that any person of Czech origin in Canada would be liable, if we were not in a state of war with Germany, to be handed over to the mercies of the Gestapo for a purely technical violation of Canada's immigration regulations should be intolerable to the Canadian sense of humanity.

The Canadian Almanac

THE Canadian Almanac is with us again, very up-to-date as usual, with a cut of the new Canadian battle flag and an announcement that Manitoba has created a portfolio of Dominion-Provincial relations, but apparently has not yet appointed anybody to hold it. New Brunswick is the only other province with anything of the kind, possessing as it does a Minister of Education and of Federal and Municipal Relations. If this sort of thing goes on the provinces will ultimately be establishing diplomatic representatives at Ottawa. Nearly all the newspapers in the country describe themselves as Independent, including the *Tairiku Nippo* of Vancouver, which is published in Japanese. The assets of Canada still include \$468,750 of over-paid subsidy to the province of Alberta; don't you wish the Dominion may get it? Manitoba and British Columbia make Boxing Day a holiday, in addition to the nine days under Dominion lists; Quebec does not observe Boxing Day but does observe Epiphany, Ash Wednesday, Ascension Day, All Saints, Conception Day, and the Feast of St. John the Baptist. There were four Canadians in the British Parliament in November, to whom a fifth, Mr. Garfield Weston, has been added since the book went to press. We can hardly think of anything you might want to know about Canada, except possibly the result of the coming election, which you will not find in this remarkable volume.

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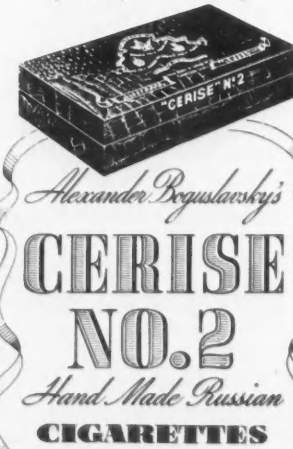
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THE HITLER WAR

Drang Down the Danube

BY WILLSON WOODSIDE

LAST week's elimination narrowed Hitler's alternatives down to the two main ones of a drive through the Low Countries or a push down the Danube. I find myself quite unable to maintain any feeling of certainty over which one Hitler will choose. Even insofar as he may have decided on one already, day-by-day developments are bound to influence his course to some extent. It isn't quite as if he had only to consider his own desires and strike when and where he pleased without considering our activity, or Stalin's, at all.

Essentially, it seems to me, the choice between the Western front and the Balkans represents for Hitler the choice between an "all-out" war as his last resort, or the continuation of his strictly limited, one-move-at-a-time warfare. I don't believe that Hitler wants to enter into a great war in the West any more today than when he threw up the Westwall, or when he tried so hard to force peace on us after the speedy conclusion of his "little" war in Poland. It is possible that his and Ribbentrop's malignant hatred of Britain may overrule his judgment here. But I cling to the belief that even in this Hitler would proceed by limited moves, followed by a peace offensive intended to confuse and divide our people.

Holland Overrun

Perhaps in stressing the difficulties which face Hitler's armies in the West I have under-estimated German guile in thinking up a move which in spite of our fortifications would allow them to fight at an advantage. Suppose that Hitler has no intention of assaulting the Maginot Line but only of overrunning the Low Countries, and of these perhaps only Holland at first. If we don't go in to aid these countries they fall to Germany, yielding her rich loot which would sustain her for many months more, hostages for a new peace offensive, and advanced bases for further military operations. If we do go to their aid, has not Hitler drawn us out of the shelter of our fortifications and into the open as effectively as William the Conqueror did the Saxons at Hastings? Unless, that is, we could reach the defenders before their prepared posi-

tions had been penetrated, which in the case of the Dutch would be unlikely. Then might ensue a great battle of mechanized forces, of which the outcome would be as uncertain as the Battle of the Marne in the last war.

If we lost this we could always retire to our fortified line, and Hitler could attempt either to force this or to exploit his victory to secure peace terms to his advantage and our humiliation. It is not certain, of course, that he would succeed in either of these, and if on the other hand he had lost the great battle of Flanders he would be in for a fight to the finish, with the morale of his armies and his people badly shaken.

Probably the East

It is that answer which comes back every time, that there is no certainty of either a quick victory or a limited move in the West, and that the lessons of the last war must tell the Germans this, that makes me think that Hitler will continue with his original plan, stand behind his wall in the West and go ahead with his piecemeal conquest of Eastern Europe. After all, have conditions changed so radically for him since last September? He considered his position as a state of war all along. The overrunning of Austria was a move in this war, and the trumpeting down of the walls of Czechoslovakia was called in Germany a "diplomatic Sedan." "World Empire without World War" became Hitler's slogan. Sudden, carefully planned moves with strictly limited objectives, followed by an immediate peace offer, accompanied by a dire threat of the alternative—this has been his standardized procedure ever since he came to power, and even before.

Why should we believe that Hitler sees his situation as so desperate that he should "gamble everything" on a great assault against the Maginot Line, or "scuttle the ship" by beginning unrestricted aerial warfare with Britain? He has lost a good deal of trade, but he has long accustomed Germany to "iron rations" and will squeeze what he can out of Russia, while getting his hands on an occasional bit of loot. No doubt he seizes

THE GERMAN PEOPLE
ARE RIGHT BEHIND THE
NAZI GOVERNMENT.



—By Victor Child.

on every report of economic difficulty, divided counsel and peace sentiment on our side as avidly as we do on every rumor of shortage or discontent in Germany. Might he not believe that the groups on our side which tolerated his policy all along, the classes which fear social upheaval and the bankers who fear ruin as the result of a long war, may in time persuade the Allied Governments to end a war of whose strain and inactivity the people had become weary and bored? If Hitler could be sure that we would not take the initiative, he might simply allow the war to drag along like this until we were completely fed up with it.

Cannot Sit Still

That is, he might if he could keep his own people in inactivity and without tangible success that long. Their psychology is such, however, that they must have a periodic dose of both. Hitler, the permanent revolutionary, and Germany, the lupine society, cannot sit still. In this situation, a move down the Danube seems to answer their needs. It would be certain of initial success, and would thus provide the necessary "jab in the arm" for the Germans. Hitler could fight us to great advantage here. Holding the Westwall lightly, and feinting there, he could concentrate his main forces in Central Europe, with short, excellent lines of communication, while we had to transport troops and supplies a couple of thousand miles and work up over vastly inferior roads and railways.

Hitler could run through Hungary, whether opposed or not, in a few days. He would have a good chance of tak-

ing the whole of Rumania, even if we were to get some help to the Rumanians in time. He might count on this swinging Yugoslavia, Bulgaria, and particularly Italy on to his side, as the winning one. (Although I must say that one of the strongest impressions of my trip through Eastern Europe last summer, and one which Anne O'Hare McCormick of the New York Times has repeatedly brought out in her current despatches from there, is that these nations are convinced that Germany will lose.)

Pressure on Russia

But above all, oil lies this way, and Germany's success or failure in obtaining control of an adequate supply of this shapes up more and more as one of the determining factors of this war. By dire threats of the reprisals which would be meted out to them, the Germans might hope to deter the Rumanians from blocking the wells and burning the refineries as they did in 1916. But if this happened Germany could at any rate soon refit them to provide as much as she got, say, last January, which was only one-twentieth of the Rumanian production. And she would be in a better position to get oil from Russia.

Or to take it, for Hitler would at the same time have broadened his base of operations against Russia and be able to exert more pressure on her—which wouldn't be changed in the slightest by the gift to her of Bessarabia. As to Russian help in a Balkan or Near Eastern campaign, the Red Army fighting in Bessarabia or the Caucasus would be a very different thing from the Red Army fighting on the outskirts of the great rail-

road and supply base of Leningrad. It is noteworthy that even on the far side of Lake Ladoga the Red Army has been unable to supply itself efficiently. There have been constant warnings from alert Balkan correspondents that reports of large Russian troop concentrations in the South and naval maneuvers in the Black Sea are suspect as German propaganda. One can imagine Goebbels' sardonic laughter as he sent out the rumor of the one rusty old Czarist battle ship in the Black Sea carrying out "maneuvers."

Must Get Constantinople

Once established in Rumania Hitler would be able to develop the important Black Sea-Danube water transport route, on which he depends for most of the supplies he will ever get from Russia. But to secure this, or even to use it at all, he must control Constantinople and the Straits, and that is quite a different matter. Perhaps his initial drive would carry him this far, but even so there would be

an end to his limited war. He would have a large army constantly engaged on this new front against the Allied-Turkish forces. He would be dependent from Belgrade down on one main railway line. He would have launched Germany into a Gallipoli campaign. And if his calculations on intimidating or winning Italy into the war on his side turned out wrong, and she joined us instead, he would have opened up his flank to that stroke across Northern Italy and up through Austria and Bohemia on which it is said the French High Command look for the final decision in this war.

Will Hitler yield to the attractions or the drawbacks of the Danubian move? The assembly of an Allied Near Eastern Army must have exerted some influence on his calculations. But it is not enough. He is too free to choose his course. Our military situation today seems to resemble in many respects our political situation about the time of the German march into the Rhineland. It calls for the grasping of the initiative by our side.

An "Original" Mountie

BY JAMES MCCOOK

EVERY "Mountie" has spent some time in Regina and most of them have worshipped at the little Church of England chapel which has been part of the barracks square for half a century. And there, a few Sundays ago, there was a service which thrilled Regina. The occasion was the opening of a tower which had been added to the chapel, and the honored guest for the ceremony was Captain William Parker, one of the original Mounted Police who marched westward from Winnipeg in 1874 to bring law and order to the Wild North Land. There are believed to be no more than three survivors of that historic trek, and Captain Parker, bearing his 87 years lightly, was the sole representative of the famous band of redcoats able to attend the service and assist in the dedication of the tower to the memory of the "Men of '74."

He came to Regina from Medicine Hat, Alta., where his home has been for many years, and besides meeting many old comrades of the Force, he was welcomed by his brother, Canon J. F. Dyke Parker, who also participated in the service by virtue of having lived and labored in the Canadian Northwest almost as long as Captain Parker.

The Mounties, as is their custom, did not stint their tribute to the veteran. There was a banquet at which he had to speak, the church service at which he was the central figure, and various other smaller assemblies. Captain Parker's day would start early in the morning and he would get to bed in the early hours of the next morning. He took it all in his stride, and when younger men became exhausted he carried on gaily with his round of calls.

The Prairie "Dreamers"

But the erect old man who thumped young Mounties on the chest as he walked along the lines drawn up in his honor is a legend in himself. Writers mention "Bill" Parker as one of the heroes of the gruelling trek west 65 years ago. They recall how one of his early duties was to deal with the fanatics who were known as the "Dreamers" and who for a time disturbed the peace of Alberta. What they dreamed, they did. Quite often their dreams demanded they burn their neighbors' barns, which they did. When Captain Parker began to interfere, their dreams demanded that Captain Parker be checked, but in this instance the dream and the action were kept distinctly separate by the redoubtable Mountie, who transformed his own dreams into hard reality with several timely arrests.

Captain Parker remembers "a devil of a trip" in a dog sled to Fort Prince of Wales on the shores of Hudson Bay, where the port of Churchill is now established, to investigate a charge of murder made against an old squaw. Churchill was 600 miles from his post at Prince Albert. After struggling through soft snow and crossing rivers where the ice was breaking, Captain Parker sat in judgment on the accused, found the charge could not be upheld and plodded southward again. The last 100 miles had to be covered on foot as the dog team failed completely and

the Mountie had to make his own way.

The veteran's favorite grumble is about how he came to lose a pair of brand new boots. It was around 1896 and he was escorting a prisoner to jail. The man managed to jump from the moving train and Parker was after him in a moment. Both landed beside the track unhurt and both started running. The fugitive was fleet of foot and darted over the Saskatchewan prairie at full speed. Parker found himself hampered by his new boots and sat down long enough to take them off.

The chase lasted the whole day and when the prisoner at last gave up they were 26 miles from the place where the Mountie had left his boots. He returned for them the next day, but, alas, it was a bad year for grasshoppers, and these busy pests had chewed the boots beyond repair.

The Scalping Days

They remember Captain Parker with the Lord Strathcona's Horse in the Boer War, when he was sergeant-major in the unit commanded by Sam Steele, later Major-General Steele, another of the first Mounties. They remember that after he left the force

BEAUTY OF HEDGES

HEDGES are such lovely things, Whispering with small song-birds' wings; Curving brown boughs, shining leaf, Shades of green beyond belief; Wild-rose-petal patterned, netted With slim twigs, and lightly fretted By tall flower-frond, and fern; And where slow earth-folk creep and turn, Bright-buttoned dandelions and grasses— Thin spears shake when the low wind passes. Those who live inside great cities' edges Must miss this loveliness of hedges!

ANNE MARRIOTT.

he was recruiting officer in Medicine Hat during the Great War and was constantly indignant because he was not permitted to go overseas.

This new West has grown out of all recognition for Captain Parker, who recalled that on one trip from Fort Macleod to Winnipeg a police detachment on two or three occasions came across the scalped bodies of Indians killed in fighting between Crees and Blackfeet. To both himself and his brother, who drove the mail, attended the sick in a Mounted Police hospital during the rising, and became the spiritual guide of Indians in northern Saskatchewan, the Riel Rebellion of 1885 seems as if it were but yesterday.

"Old Hardface," they used to call Captain Parker, affectionately or perhaps respectfully. But in Regina, in December, he could not help but smile. When he first came to Pile o'Bones Creek no one guessed there would one day be a city there—and no one cared.



THESE MEN HAVE SERVED THE WEST for 60 years. They are Captain William Parker, right, late of the Royal North-West Mounted Police, and Canon J. F. Dyke Parker, Church of England, Regina.

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From Out of the West

DR. R. J. MANION is, of course, not naming his cabinet. No Opposition leader ever does. But one of the sure things, in an uncertain political scene, is that if the Conservative leader forms a National Government, Murdoch Alexander MacPherson will be a member of it. He couldn't be kept out.

This man out of the West, who so filled the Manion supporters with enthusiasm in his four speeches in Ontario, is unusual in many ways. He doesn't look like a top-flight politician; he is unassuming; he refuses to take political advantage of his military title or record gained in the Great War; he is a teetotaler.

Like a great number of others who have made their power felt in political life in Canada, he is a Maritimer. But he didn't stay in his native Nova Scotia.

Murdoch MacPherson, whose family came to Canada from Scotland more than a hundred years ago and settled on Cape Breton Island, was born in Grand Anse. His father farmed what is considered a large farm in Cape Breton. As to other Nova Scotians, education was important in the MacPherson family. The result was that he attended St. Peter's Academy, Pictou Academy, and Dalhousie University, where he took his law degree.

But young MacPherson had to assist himself in providing funds for his tuition. For two years he taught in Cape Breton to earn enough money to go to Pictou Academy. While he was at Dalhousie he had to tutor to earn the extra bit of money that made the difference between staying at home and studying law.

It was really an accident, his going to Saskatchewan. He had just finished his law course when an old Dalhousie graduate came to Halifax to look for a junior for his law firm. Someone gave him MacPherson's name. He was interviewed and then left for Swift Current to practise law with the man who later became Judge Buckles.

The young lawyer liked Swift Current, he liked the West. He married a Swift Current girl. He settled down to make Saskatchewan his home and has stayed there since.

Record in the War

He was only in practice 18 months before he joined the Army in 1915 with the 10th Infantry Battalion which was recruited largely from Calgary and Winnipeg. In 1916 he was in France, but not before he did something which many men would have hesitated to do.

When he joined the army he was commissioned as a lieutenant. He rose to the rank of major. But things didn't move fast enough for him. He wanted to get to France in a hurry so he asked to be reverted. From the major's crown he stepped down to the two pips of a lieutenant and as such he went into action in France.

Ontario still knows very little of "Mac" as he is called in Regina. In introductions to political gatherings in Ontario, and in news stories, he has been called an M.C. and a D.S.O. He has no decorations, but as his nominator at the Conservative convention at Ottawa said, he did get something out of the war. He got a serious leg wound at Arleux, on April 28, 1917, which kept him in military hospital for 14 months. He still can't play golf as a result of that injury, but he has learned to conserve his strength and so is able to go through a lengthy campaign without the strain which would more seriously affect a man less trained in the art of looking after one's health.

BY LOU GOLDEN

It was at the convention that chose Dr. Manion as Tory leader that Murdoch MacPherson made such a startling rush into the Dominion political picture. He came to the Ottawa convention with no idea that he would stand for the post made vacant by the retirement of the Rt. Hon. R. B. Bennett. In twenty-four hours he nearly upset the apple cart of the Manion men who had been campaigning for their favorite for several months. In fact he forced a second ballot and then he received 648 votes to 830 polled for the present Conservative leader.

Those things don't happen accidentally. There is always a cause for the effect in politics as in everything else. MacPherson, except to the small delegation from Saskatchewan, was unknown. But there was a feeling amongst many of the delegates that there ought to be a new man. They felt that this was the man.

And if he were unknown and wondered about before he spoke, his one speech at nomination almost swept the convention. It was easily the best speech made by any of the candidates, and it was only the large following that Dr. Manion had of men who knew him well, both personally and as a member of the Bennett administration, that held the drive of the political dark horse in check.

Mr. MacPherson is a good speaker. He is one of the few men who can make a rousing, pro-Empire speech without drooling at the mouth. He does it simply and sincerely, and as one prominent politician said after the MacPherson address to the Conservative Business Men's Club in Toronto, he can do it without losing votes anywhere else.

So effective is he that such experienced campaigners as the Hon. Earl Lawson and Col. George Drew took notes of his Toronto speech for new approaches.

The Coming Man

For the first time since the Conservatives went into the cold and hungry Opposition have people been turned away from a Business Men's Club luncheon. When MacPherson spoke it seemed as if every member of the club and his uncle was present. The attraction was the reputation of MacPherson as the "comer" whom everyone conceded as Dr. Manion's first aide.

This Western leader is 48 years old. He is thin, sandy-haired, blue-eyed, weighs 148 pounds and is 5 feet, 10½ inches tall. He is pleasant to talk to, has no "side" whatever, meets the voters and the press easily, and asks for and listens to advice. He has no touch of the bull-headed politician who is on the "make" and knows it. He smokes a pipe only.

He has had a good deal of experience in Saskatchewan. In 1921, when only 29 years of age, he showed all the touching enthusiasm and courage of the young when he ran against that old-time shrewd campaigner, the Hon. W. R. Motherwell, in Regina. He took a licking. Mr. Motherwell won by 1,500 in a large constituency.

Four years later he took a crack at running for a seat in the Saskatchewan Legislative Assembly, and in the election of June 2 of that year he made the grade. He sat in one of the three Conservative seats in a House of 63 members. In the general election of '29 he was re-elected and became Attorney-General in the Anderson Government. He remained at that post until the administration was shot out of office by Jimmie

Gardiner and the depression in '34, on the same day in which the Henry régime went under in Ontario.

He did, however, get some experience in finance, for in '31 he had been appointed Provincial Treasurer and held that post as well as the Attorney-General's until the defeat.

Back to law practice went MacPherson. He stayed there until Mr. Bennett asked him to go down to Ottawa and take charge of the setting up of the administration machinery for the Farmers' Creditors' Arrangement Act. He did that, staying for a year until he had things in full swing, and then he left the public service to go home with the feeling that he had done a good job.

Mr. MacPherson likes politics but has no desire to become a professional politician. His profession of law is what he likes best and at the time of writing he had not yet decided whether or not he would stand as a candidate in this election, although his supporters may make it necessary that he run. In this case when the politician says that he is being "asked to run by his friends" it is really true.

An additional reason for not wanting to leave his law practice is the fact that he would have to be away from home so much, and the war has made it even more difficult. His eldest son, "Sandy," who is 23, is a lawyer and a member of his dad's firm. He is now at Camp Borden with the Army Service Corps. His partner has left the firm to join the Navy. And while on the subject of the army, his second son, Ian, is at the Royal Military College.

There are three other children at home, two daughters and a son.

Mr. MacPherson is a Presbyterian. He is no clubman, belonging to not a single club. He has two hobbies: he likes fishing and is an honest-to-goodness gardener. Fishing and gardening to him are not just two neat things to fit into a Who's Who.

Here are some MacPherson views: On the Conservative party: "It



MURDOCH MACPHERSON

can't be the Conservative party unless it maintains the British connection. If it didn't I wouldn't want to belong to it."

On what the West wants: "The western farmer doesn't want to exploit anyone. He simply wants a return on his product which has some relation to the cost to him."

On parties in the West: "Party lines aren't strictly drawn in the West as they are in Eastern Canada. They are not wedded to any party."

On criticism of the Government in war time: "If we can't have criticism of the Government in war time we might as well fold up this thing we call democracy."

On economic reform: "In some countries men have been prepared to forfeit their liberties and accept the idea of a dictatorship because it offered them what they considered social security, food, shelter, raiment. We're not prepared to surrender our liberties, so we must in the most effective way possible proceed to establish social security in a democracy."

No matter which way the votes go on March 26 a good deal will be heard of Murdoch MacPherson.



SURPRISE!

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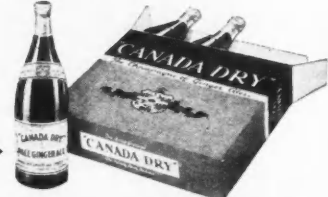
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The Real Russia

BY THOMAS L. JARROTT

IN RUSSIA, there is no Communism. Twenty years ago, in St. Petersburg, Lenin and Trotsky convoked the Soviets of all Russia.

Today, Stalin dictates in Leningrad—once St. Petersburg. Trotsky is exiled and in Mexico. Lenin is dead and so is his idealism.

In 1938, a Russian scientist worked in a laboratory at the University of Oxford. He was sent by his government to study under a professor whose researches were world famous.

The Russian was the son of a peasant and, before becoming a biologist, had been a farm laborer. He was married, and in the scanty leisure which he allowed himself, his recreation was to search Oxford's sixpenny shops for trifles which he sent by post to his wife and children in Moscow.

He was an able, earnest man; he seemed to be sincere in his communistic theory and completely loyal, by interest as well as by conviction, to his government.

An American, who had come to work in the same laboratory, discussed the absorbing importance of the unique experiment in human organization which was being made by the Union of Soviets. He suggested to the Russian that the experiment was bound to fail; because, as he

understood the situation, communist theory was biologically unsound. It reduced all men to a common level, forbade competition and, by preventing the emergence of ability, made it impossible for human development to proceed and produce a race of increasing capacities.

The Russian was vigorous in his denial of such a conception. He insisted that his government was alive to biological considerations, realized that all men are not equally able, and was determined that human beings of superior quality should be permitted, without impediment from parasitic inferiors, to emerge and perpetuate themselves.

To support his assertion he cited in Russia both the abolition of titled capitalism—which had supported aristocratic "incompetents"—and the absence of unions, or other organizations of the masses, through which group advantage is sought by the mob in democratic countries. He pointed to Stakhanovitch, through whose example of production-increased-by-intelligence, reward by result—i.e. piece work—had become generalized.

He said that he, being a brain-worker, was expected to work only six hours daily while ten were required from a pick-and-shovel man.



MRS. MAJOR GAGE, whose husband is serving as a Salvation Army officer with the Canadian troops overseas, serves Salvation Army doughnuts at the Red Shield Hut in Exhibition Park Camp in Toronto to Commissioner Benj. Orames, Salvation Army head in Canada, and Lady Bailie, chairman of the women's division in the forthcoming Toronto campaign for the Salvation Army war and home services, which will raise \$300,000 in Toronto from March 11 to 20. The favorable decision on the doughnuts seems to be unanimous.

Both brain-worker and laborer were encouraged to work over-time and were paid for doing so. The brain-worker received more than the laborer; because it was to public advantage that an intelligent man should employ

some one to attend to his personal wants so that his time might not be diverted from the exercise of his superior abilities.

Those who earned were encouraged to save a part of their earnings. Earnings could be deposited in a government bank or be lent to the government, and interest would be earned. There was no income tax on earnings; gifts to others were untaxed; and no part of a man's estate was taken from his appointed heirs at his death.

By such measures it was ensured both that superior ability would acquire superior reward and that the production and education of children would be facilitated for parents of superior capacity.

Need for Children

Moreover, the children of men of intelligence were watched carefully in the schools. No privileges were given to them; but, if they showed ability, it was recognized that their potentialities—as children of superior parentage—might be exceptional.

Russia's need for children, especially for children of distinguished stock, was recognized.

Abortion was illegal and clinics, formerly maintained by the Government for the termination of undesired pregnancies, had been closed. Efforts were made, wherever there were groups of fugitive Russians, to induce the children of capable emigrants to return to their country so that they might be brought up there and educated to take their part as leaders in the building up of a new rationally-ordered and glorious Russia!

To all of this, the American's comment was: "If that's Communism, lead me to it! I'd be better off in Russia than at home. But—I wonder if it works out that way?"

He was a professor and came from a medical school well-known in the United States. At home, he was bewildered—his sense of biological fitness was outraged—by the American taxation, doles and "new deals" which had the twin effects of making it difficult for him to rear more than one or two children and of making it easy for every loafing moron to reproduce a dozen like himself.

Not Communism

Of course, the form of social organization which the Russian described was not Communism. There was nothing there of the Marxian "from each according to his capacity, to each according to his needs." The obvious and suicidal absurdity of such a creed had made the American question the success of a society based upon it.

What the Russian did describe was an early phase of that individualism—"capitalism"—which inevitably emerges from every attempt to cramp human beings into the frame of "Communist" organization.

Stalin is the Napoleon of Russia's revulsion from Communist failure; exiled Trotsky and his "liquidated" companions bear witness to the deadliness of Stalin's substitutes for Napoleon's "whiff of grape shot."

The American's doubt whether it "worked out that way" prevented him from accepting an enthusiastic invitation to work in Russia. His caution was very wise; for, it does not "work out" well in Russia for those who are not members of the Communist Party; or it is more accurate to say, for those who have not the approval of Stalin.

UNITY

Not an Accident . . . but an Achievement

The REALITY of Canada's unity in this day of great national effort is a source of dismay to our enemy—and a factor of strength to ourselves and to our Allies . . . What Canadians should realize most fully is that their national unity does not exist through accident . . . It is the direct consequence of resourceful, determined and painstaking administration during recent years by an experienced and nationally-minded federal government . . . During the past five years the peacetime policies of the Mackenzie King Government—with respect to both domestic and external affairs—have been designed and executed with one main purpose in view—the strengthening of Canada's bonds of nationhood . . . Because those policies were sound; because they increased the measure of contentment throughout Canada; because they avoided clashes between provinces and races and creeds; because they were equally considerate of agriculture, industry and labour . . . because those policies have been truly national in scope, Canada is today putting forth a great, united, national war effort.

These are the sort of things which have contributed to unifying our nation—

A Program of Trade Treaties—lowering Canada's tariff barriers and opening new market opportunities for citizens of every province . . . achieved by the Liberal administration in spite of the opposition of Conservatives, and the indifference of C.C.F. and Social Credit.

Development of the Trans-Canada Airways—bringing the people of East and West into overnight contact . . . created by the Mackenzie King Government from the ashes of the first airway attempt—sabotaged by the Conservatives.

Support for the Canadian National Railways System—Liberals have been steadfast in standing behind this great national enterprise of the Canadian people . . . while Conservatives have worked assiduously for destruction of the system.

A National Agricultural Policy—a new conception of federal encouragement for the farm families of every province.

Publicly Owned Central Bank—the Bank of Canada, focal point of our national financial problems, was changed to public ownership by the Mackenzie King Government . . . reversing the Conservative policy of a central bank owned by private stockholders.

Co-operative Action on Unemployment Problem—the Mackenzie King Government has co-operated willingly and continuously with the provincial governments in efforts to overcome the unemployment problem . . . the Conservative policy

of denying all federal responsibility in this matter was rejected by the Liberals.

Parliament's Right to Decide on War—Mackenzie King promised the people of all Canada that the country would not be committed to war without the sanction of parliament . . . He held to that pledge honorably and steadfastly, in spite of the personal abuse which was heaped upon him and his government by hot-heads who did not represent the collective views of Canadian people.

No Prior Commitments—the King Government—wisely interpreting the wishes of the Canadian people—refused to commit this country, in advance, to a policy of fighting wars at unpredictable times, at unknown places and for undetermined causes.

The Quebec Election—when certain political opportunists in the province of Quebec attempted to disrupt Canadian unity and seriously halt our national war effort the men of the Mackenzie King Government were the ones who went in and fought, to preserve national solidarity . . . The Conservative national leader remained silent during this crisis—when his voice should have rung out on behalf of national unity . . . Because the courageous action of Mackenzie King and his Quebec ministers helped the electors to keep the only true issue clearly in mind, Quebec was able to reaffirm her proud position . . . squarely and loyally and warmly behind Canada's national war effort.

★ ★ ★

On March 26th show your faith in Canadian Unity; Vote for the candidate supporting Mackenzie King and make sure there can be no break in Canada's Steadfast stand.

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Voluntary War Services Registration Bureau Agricultural Supplies Committee Operating

Foreign Exchange Control Commonwealth Air Training Plan

Political Patronage Excluded from Fighting Forces

Food Hoarders Prosecuted Cabinet Minister Sent to London and Paris for Consultations

\$25,000,000 Railway Rolling-Stock Ordered

420,000,000 pounds of Copper, Arranged for Great Britain \$92,000,000 Credit for British Purchases

5,600,000 pounds of Bacon and Ham Supplied to Great Britain Every Week

Shipping Board Established Enemy Aliens Interned

Public Information Bureau Censorship

Internal Security Against Sabotage

T.C.A. Airports Made Available for Military Air Training

Canadian Factories Working Overtime on War Orders

Canadian Forces Under Arms 70,000 Canadian Active Service Force

9,000 Royal Canadian Air Force 6,000 Royal Canadian Navy

Canada Spending \$1,000,000 Each Day on War Effort

★ ★ ★

The National Liberal Federation of Canada, Ottawa, Ontario.



FORWARD WITH MACKENZIE KING



CANADA TO SOUTH AFRICA. Dr. H. Laureys, newly appointed Canadian High Commissioner to South Africa.

Must Revise Censorship

BY F. A. BREWIN

ONE of the first tasks of Parliament when it reassembles after the Election will be a systematic revision of Defence of Canada and Censorship regulations. Leaders of all parties seem now to agree that the Canadian Parliament should at the earliest opportunity do what the British Parliament did in October last.

The agreed purpose of such revision will be to restrict infringements on liberties to the minimum thought necessary to the efficient prosecution of the war. It is now necessary to go beyond the stage of enunciating general principles to the discussion of the specific modifications that will achieve this purpose.

Defence of Canada regulations were passed in the opening days of the war by the Government acting under the powers conferred by the War Measures Act. The draft prepared by a committee of civil servants was adopted without change. The regulations deal with espionage, acts of assistance to the enemy, sabotage, restrictions on enemy aliens, shipping, and other matters connected with public order and safety in wartime.

Amongst these obviously necessary provisions are some regulations which require special scrutiny to discover whether their terms do not go beyond what is essential and do not themselves constitute a danger to democracy.

One such regulation is regulation 21. It corresponds precisely with an original British emergency regulation which has since been amended. It confers power on the Minister of Justice to detain suspected persons without trial and during his pleasure. The only ground for his action may be his fear that someone is going to act in a manner prejudicial to the safety of the state. No relief can be obtained from the courts by means of the ancient legal weapon of habeas corpus.

A knowledge of the good sense and liberal outlook of the present Minister of Justice may cause some to smile at the thought that under such powers concentration camps have been set up in other countries. But the present Minister of Justice has no permanent tenure of office and must often act through subordinates less sensitive to liberties of the subject.

British Amendments

After bitter criticism, the corresponding British regulation was amended. It now applies only to those whom the Secretary of State believes on reasonable grounds to be persons of hostile origin or association or to have been recently concerned with an act prejudicial to the public safety and whom he believes it necessary to control. This change enables a person who thinks that the Secretary of State has acted arbitrarily or without reasonable cause to apply for his release to a court.

In both Canada and Great Britain there is provision for review by an advisory council of detention orders but in neither case is the opinion of the advisory council binding on the Minister. In Great Britain, however, there is provision for publicity through report to Parliament where the advice of the advisory council is not followed.

The regulations which most directly affect freedom of expression are 39 and 39(A). Useful amendments have already been made by the Government but even as they stand their vagueness of definition is a perpetual menace to freedom of speech. They should be read with regulations 61-63 which prescribe the penalties to be imposed and the mode of trial of alleged offenders.

They prohibit the making of statements by word of mouth or in writing, of any conceivable sort, which are intended or likely to cause disaffection to His Majesty, to prejudice His Majesty's relations with foreign powers, to prejudice recruiting, or which are intended or likely to be prejudicial to the safety of the state or the efficient prosecution of the war.

Trial May Be Secret

It is at once apparent that these provisions may cover a multitude of statements. This makes it all the more important that the trial should

not be secret, that penalties should be moderate, and that ample opportunity of appeal should exist so that decisions of magistrates on these delicate questions should be subject to ample judicial review.

But the actual situation is different. The court may order a secret trial at its discretion. The trial will in almost all cases be a summary trial before a magistrate. The accused will then have no right to trial by a jury, an institution which under the influence of Erskine's forensic eloquence earned its reputation as a bulwark of liberties during the Napoleonic wars. The magistrate may on this summary hearing impose a penalty of one year's imprisonment together with a fine of \$500 for which, if the accused happens to be a person without means or unable to pay, a doubling of the jail sentence can be (and usually is) imposed.

From a magistrate's conviction on summary trial, the only and final appeal is to a county court judge who rehears the whole case.

Only One Indictment

It is only where one of the Attorney-Generals thinks the offence sufficiently serious that a penalty of one year and \$500 may be insufficient that the offence is treated as an indictable offence. In this situation the accused may elect trial by jury and, if convicted, may appeal to the Court of Appeal and, if he can secure there one dissenting judge in his favour, to the Supreme Court of Canada. But the penalty, if he is convicted, may be as high as five years and \$5,000. Although there have been many prosecutions under these sections, the only one in which an Attorney-General has elected to treat the offence as an indictable offence is in the case of Douglas Stewart, Circulation Editor of the *Clarion*, whose appeal to the Court of Appeal of Ontario was recently successful to the extent of a substantial reduction in sentence.

It is interesting to note that under the British regulations the maximum penalty in a summary trial is three months' imprisonment and on indictment two years' imprisonment.

To return to sections 39 and 39(A) themselves, it is obvious that the most innocent statements divorced from their context may be given a sinister significance. A phrase for the use of which a trade union organizer is shortly to undergo trial bears a striking similarity to a similar phrase in a considered and published letter from the leader of His Majesty's Loyal Opposition on this very subject.

How Britain Acts

A comparison with the British regulations as amended suggests the lines upon which amendments might be considered. Their regulations refer to attempts to influence public opinion. This would exclude from the operation of the regulations those chance injudicious remarks made in beverage rooms and elsewhere, which have been the subject matter of several prosecutions in Canada.

By amendment to our regulations the Canadian Government have inserted a proviso that it shall be a defence to say that criticism of the Government or Parliament only was intended. This amendment might make it a sound rule to preface any statement on a controversial subject with the observation that the remarks which are to follow must be interpreted as a criticism of the Canadian Government. It still leaves open to prosecution under the regulations a wide field. For example the criticism of a foreign government or of one of the other governments of the Empire might still fall within the scope of the regulations, as likely to prejudice relations with foreign powers or discourage recruiting.

The British regulations provide that it is a defence to show that the statement was true or that the person who made the statement had a reasonable cause to believe that it was true.

The British regulations are confined to statements intended to have the unfortunate results mentioned in the regulations. The Canadian regu-

lations penalize statements innocent in intent which are thought likely to have such results.

Censorship Code

Other regulations which deserve attention are No. 27, which may affect industrial disputes; No. 15, which deals with censorship, and No. 62 (4), which makes it an offence subject to heavy penalties to "advocate or defend" the acts, principles or policies of an organization which has been declared illegal after an offence against the act.

The censorship regulations, which provide a parallel code no less devastating in its potential effects upon civil liberty, also require careful review.

Any committee of Parliament that is appointed to deal with these matters will do well to take as a starting point the British emergency regulations as modified. They will then have to adapt them to Canadian conditions. They will have to consider whether there is any good reason why Canada, which is more remote from the scene of actual military operations, should proceed much farther than Great Britain in the curtailment of ordinary democratic rights.



"Well, tell 'em! Tell 'em we objects to such tactics!"

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But may we emphasize, in purely friendly interest, that a lot of other people probably have the same idea?

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But you can get only so many cars in a warehouse. And a full warehouse can empty awfully fast.

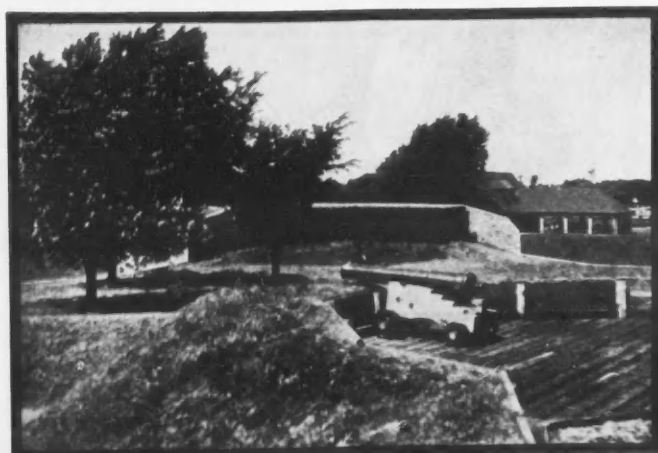
And what with everybody wanting Buicks this season, we can't say how long we can promise the delivery we can give now.

So why not play the early bird this year? Why not get the jump on your neighbor and be driving your McLaughlin-Buick while he's still talking about getting his?

You've nothing to lose, a lot of fun to gain—so see your McLaughlin-Buick dealer today.

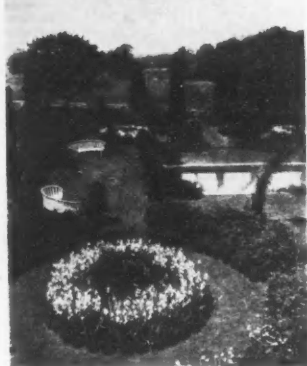
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A VIEW OF THE OUTER WORKS of Old Fort Erie which has been completely rebuilt to the original plans. This is part of the extensive plan of beautification and restoration being carried out in the Niagara Falls district by the Niagara Parks Commission created by the Ontario Government.

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Study in Adolescence

BY MARY LOWREY ROSS

WALK LIKE A MORTAL, by Dan Wickenden. McClelland & Stewart. \$2.50.

"WALK Like a Mortal" is the story of a seventeen year old boy, Gabe Mackenzie, told by a twenty-seven year old writer, Dan Wickenden. And it leaves one feeling that twenty-seven is probably the perfect age for an author who wants to write faithfully and vividly about adolescence. A younger writer would almost certainly have romanticized, or at least over-intensified, Gabe Mackenzie's tragedies and bewilderments. An older one might have been over-tender, or too wisely ironical. In either case the portrait would have been blurred or falsified. As it is this study of an intelligent high-school boy of normal emotions is sharp and exact as a good photograph, and infinitely more revealing.

Gabe Mackenzie is the son of unhappy middle-class American parents, the mother hard, ruthless and young, the father a mild, shabby, aging man, intimidated by his wife and relieved at the end to see her go off with an aggressive younger rival. When the marriage breaks up Gabe and his father go to live with Gabe's Uncle Henry and his family. And in that indulgent, high-spirited and very peculiar household, Gabe's father escapes from the paralysis that Maggie has laid on his will, Gabe from the hard claims of her emotions. In the

meantime he has completed his final year at high-school, fallen in love with a chilly fellow student and sensibly recovered, and discovered his own tough capacity for resistance to hard experience and unprofitable emotion.

The major characters in "Walk Like a Mortal"—Gabe, Maggie, and particularly the young aesthete cousin Francis—are as solidly authentic as one's neighbors or relatives. And if in dealing with lesser characters the author lapses occasionally into tricks of caricature, his people are always sharply recognizable. So are his middle-class American homes, his high-school class-rooms, his streets and restaurants and playgrounds. He has an inescapable eye for detail and a sharp ear for speech, and he writes evenly and surely, with a warm affection, never false or misplaced, for the world he describes.

Where there is so much clarity, understanding and even judgment it is inevitable perhaps that there should be at times a certain lack of intensity. There are parts of "Walk Like a Mortal" that are merely good reading and nothing more. But at its best—and it is oftener at its best than not—it is a study of American life, and particularly of American youth that combines in an extraordinary degree honesty, insight and charm. In fairness to Mr. Wickenden it must be added that his charm is as natural as his insight and as real as his honesty.

Finlandia

BY W. S. MILNE

SUN AND STORM, by Unto Seppanen; translated from the Finnish by Kenneth C. Kaufman. McClelland and Stewart. \$2.75.

UNTO SEPPANEN, at the age of 36, is one of Finland's outstanding novelists. His stories have repeatedly received recognition by the Finnish government. "Sun and Storm," his most substantial work, is the first to be translated into English. Its English publication is timely, to say the least, for it deals with the rise of Finnish nationalism in the last two generations, and is permeated throughout by hatred of the Russians and all their ways.

The scene of the story is the province Vilpuri, which passed into the hands of the Russians early in the eighteenth century. Finland as a whole became a Grand Duchy of Russia during the Napoleonic wars. The Finns were allowed to retain their own constitution and manage their own internal affairs until 1899, when Nicholas II abrogated the constitution, a move he was forced to rescind a few years later. In 1909, however, coercive measures were again in force. The Finns aided the Bolsheviks against the Czars, but soon grew suspicious of their real aims, and drove them out soon after the revolution. Finland was given complete independence by the Treaty of Dorpat in 1920.

This story is not primarily historical. It concentrates on one family, that of Markku, a small landowner in the Karelian Isthmus. It opens with the building of a railway from St. Petersburg to Helsinki. This awakens Markku's ambition, and he resolves that by the help of the railway, he, a middle-aged peasant but two generations removed from serfdom, will become a powerful landowner, and keep the hated Russians out of his province. His success in achieving the material portion of his dream is counterbalanced by the various losses and disasters suffered in the deaths of his sons, and the hardening of his spirit. The family becomes involved in political plot and counter-plot, and in the end only his young grandson, son of his youngest child, is left, to come to maturity in the first years of Finnish independence. The novel ends on a note of hope for the future, to be faced realistically in terms of economics, scientific farming and co-operative organizations, and idealistically, in the spirit of those who fought and suffered to free Finland from the Russian oppressors.

This is a powerful novel, with magnificent characterizations, and passages of great and troubling beauty, in which the influence of Finnish forest and water, rock and sunset and snowdrift is conveyed to the reader in prose that even in translation has distinction and lyric power. Power of another sort is there too. The characters live intense, passionate lives. There are blood and tears in abundance, grim and brutal scenes alternating with passages pathetic and tender. The total effect is too powerful to be called pleasant, but when one puts down the book, one feels that one has come through an uncommon experience.

A year ago, one might have felt that the story was too narrowly

BOOK OF THE WEEK

Eight Terrible Years

BY B. K. SANDWELL

THE STORM BREAKS, by Frederick T. Birchall. Macmillan. \$3.00.

MR. BIRCHALL is not a deep thinker, but he is a keen and truthful observer, and he has been present at practically everything of importance that has happened in world politics since 1932, except when the happenings were in the Far East.

He is not a deep thinker, because he seems to have no conception of the extent to which economic disorganization and misery in Europe following the American crash of 1929 were responsible for the rise of the Nazi dictatorship, nor of the extent to which American economic policies contributed to that disorganization and misery. He is not a deep thinker, because he thinks that the material blessings obtainable and in large part already enjoyed by the masses in North America would be equally obtainable by the masses in Europe if they would only resolve to create the same political conditions. It is true that the economic condition of Europe could be greatly improved if Europe could enjoy America's peace, America's vast internal free trade area, and America's inventiveness and organizing powers. But much of America's luxury is due to the smallness of the population in comparison with the amount of natural resources, and to the remorseless rapidity with which many of those resources which are the accumulation of centuries have been and are being turned into consumption goods for the benefit of a single generation.

BUT not much of the book is devoted to Mr. Birchall's philosophical reflections. Most of it, and vastly interesting it is, is a narrative of his personal observations and reflections at critical junctures in the rise of the Nazi power in Germany, in the extension of that power by successive conquests, and in the successive surrenders of all the great nations in Europe to German bullying. Few other books give quite so vivid an impression of international relations in Europe since 1932, because few other writers have Mr. Birchall's lively appreciation of the charm and freedom of life in Austria and Germany before the advent of the terror, and few can give such thrilling examples of what that life

was like compared with what life is like in those countries today.

Mr. Birchall has been privileged to see a great many of the things which make the history of these eight years, and some of them are things which have not been set down in print until he came to do so. Those of us who have been amused by the recent adoption by Germany of the thoroughly Marxist slogan that the workers of the world must unite (only Marx did not say that they must unite with Germany against England), as explained by Dr. Ley, leader of the Nazi Labor Front, will be specially interested in one of Mr. Birchall's reminiscences. It concerns the time when the Duke of Windsor was travelling in Germany and permitting himself to be used rather too freely as propaganda by the Nazis. "I heard Ley, the leader of the Labor Front, hail him as a brother, and once I saw Ley make a half-hearted attempt to slap him on the back in jovial by-play—but abandon it before it was made, under the gaze of those steady eyes. It was not a pleasant spectacle."

AS REGARDS the surrender at Munich, Mr. Birchall holds the same view as was expressed in Canada the other day by Mr. Knickerbocker, that the crucial reason was the inadequacy of the French Air Force, which it was feared would leave France at Hitler's mercy before she could begin to fight. The author considers that Mr. Chamberlain was a victim of circumstances. He has a very low opinion of Sir John Simon and Sir Samuel Hoare, and no enthusiasm for Ramsay MacDonald. He has no sympathy with dictators in general, but feels that the dictatorship of Pilsudski in Poland rested upon a genuine basis of popular support, and that the Poland which the Marshal recreated will live again in spite of the appalling brutality to which it is now being subjected.

One closes the narrative of these eight terrible years with the feeling that they have probably never been equalled in human history, and that it is better, if so it be written, that the free nations should go down to destruction in the present war than that they should continue to permit without resistance and without protest the succession of international outrages of which Nazi Germany has been guilty.

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Finnish to be worthy of regard as world literature, but now that Finland is so bravely fighting the world's battles, the book takes on a very special interest. And so do the headlines after one has read this story.

New Books

GENERAL

JAMES JOYCE, by Herbert Gorman. Oxford. \$4. The author of "The Incredible Marquis" and "The Scottish Queen" has written the first definitive biography of "the inscrutable genius of the modern literary world."

ARETINO: SCOURGE OF PRINCES, by Thomas Caldecot Chubb. McClelland & Stewart. \$3.75. A full-length portrait of one of the most amazing figures of the Italian Renaissance.

THREE'S A CREW, by Kathrene Pinkerton. McClelland & Stewart. \$3. The author of "Wilderness Wife" tells the family story of a seven years' cruise in a small boat.

WAR AND SOLDIER, by Ashihei Hino. McClelland & Stewart. \$2.75. A literature Japanese soldier recounts his experiences in the Sino-Japanese war.

THE STORY OF ADVERTISING IN CANADA, by H. E. Stephenson and Carlton McNaught. Ryerson. \$3.50. Advertising's fifty years in the Dominion.

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THE BOOKSHELF

New Lamps For Old

BY ALAN SKINNER

SEX AND LIFE, by Eugen Steinach, Ph.D., M.D. Macmillan. \$4.25.

ABOUT the same time that Ernst Haeckel, looking backward over the last fifty years of the nineteenth century, was engaged in writing a book called "The Riddle of the Universe", a young Austrian physician named Eugen Steinach was beginning to interest himself in problems concerned with the physiology of sex. Where others had speculated Steinach began, slowly and carefully, to build up by physiological experiment a mass of proof that would establish the importance of the sex glands in controlling the vital functions of the body. For more than forty years he has continued his investigations and he now publishes an account of his lifework.

To recapture "the brave days when I was twenty-one" has ever been the source of wishful thinking on the part of man, be he soldier or poet, mechanic or scholar. Ponce de Leon travelled many a weary mile in search of an elusive Fountain of Youth; while ancient alchemists hung over retorts and alembics and thumbed obscure parchments in the same hopeful quest. Small wonder then that the mere pronouncement of such a word as "rejuvenation" should again awaken the same interest.

Small wonder also that the crafty associations of the past should have their effect upon the future. For many years the mere idea of gland secretions and the possibility of their having any practical value was pooh-poohed, even by the medical profession. Although epinephrin (adrenalin) has been known and used for over forty years, medical practitioners have been slow to accept other glandular extracts. Banting's discovery of insulin did more to awaken interest in the subject of internal secretions than any other single occurrence on this continent, but the European clinicians have always been more receptive to the theory of gland extracts, just as they have been to Freud and others who have investigated problems based on sex.

But to return to Steinach and the sex glands. The relation of these organs to virility was no new idea.

nature of his work there has been a good deal of confusion, misconception and misrepresentation, both of the subject generally and himself in particular. He has therefore set down in a plain and simple manner for all to read, an account of his researches from their beginning. His own modest statement of accomplishment is that he believes it possible to counteract the decline of vitality by hormone treatment. He holds out no prospect of a "land of eternal youth, but one of a bearable old age in which within natural limits the optimum physiological conditions of life prevail."

Steinach, as a researcher, has probably ended his work. He already belongs to the past. But his investigations bridge the gap between the total ignorance of an earlier day and our present hope for the future. He is undoubtedly a maker of medical history and the importance of his contribution is just being realized. Others will continue to carry the torch which he has kindled and which has still much light to shed.

Caldwell's South

BY KENNETH MILLAR

TROUBLE IN JULY, by Erskine Caldwell. Collins. \$2.75.

IN THIS novel, Erskine Caldwell continues his self-imposed task of reporting the South. Caldwell's didactic purpose, apparent in "You Have Seen Their Faces," has been somewhat obscured by the popular success of his macabre comedy, "Tobacco Road." The deadly serious purpose of the present volume is not fully revealed until the end of the book, because this novel, too, is a comedy. Without dismal moralizing or sentimentality, the book describes the hunting down and lynching of a negro boy for a crime he did not commit. In a number of passages of grim comedy, the Georgia crackers who compose the lynching mob are given an opportunity to display their ignorance, stupidity, cruelty, lubricity and cowardice.

The central figure of the novel is not the hunted negro, as is usual in lynching stories, but a rural sheriff whose life is dominated by a coming election. This sheriff's first thought on hearing of the "nigger-hunt" is to go away fishing for a few days, so that he need take no stand for or against the lynching. His preposterous attempts to escape responsibility, to keep the lynching "politically clean," are at the same time comical and hideous. Gradually the comedy of the sheriff and the lynching mob changes to something else. The sheriff attains to a consciousness of his responsibility, and in the end, when it is too late, he resolves to do his duty. Gathering force as it goes, the book ends with a terrible irony: the white girl who was supposed to have been the victim of the lynched negro is stoned to death by the mob for proclaiming his innocence.

Whether or not it is artistically legitimate to write a novel about a social crime (and I think it is), it is difficult to judge such a book by literary standards. "Trouble in July" hits one like a hammer. But so do reports from Poland. So do Walter White's lynching investigations, which make no claim to be literature. How much of the effect of such a book is due to the nature of the material, moral indignation or pure shock? In describing an event which has occurred, without great variation, more than three thousand times since 1900, a writer's chief problems are verisimilitude and style. Caldwell's fiction always has been as real, not to say "realistic," as could be wished. But his style is inadequate, his emotional and moral relation to the action is insufficiently unified, to raise this lynching into a powerful symbol of all lynchings. Neither bareness nor outspokenness is a substitute for power.

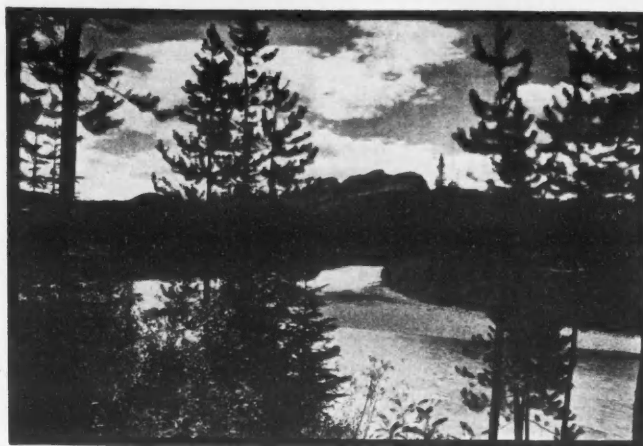
Carola's Life

BY MARY DALE MUIR

LIFE AS CAROLA, by Joan Grant. Reginald Saunders. \$3.00.

AFTER a silence of two years Joan Grant has again produced a book other than the usual. To the heroine, life for the individual is not a period of time bounded by birth and death but, rather, part of a much more extended and complete existence. This is inherent in the title, "Life as Carola." According to the conception of the authoress, Carola holds within her memory the knowledge gained by a previous existence and in sleep can draw on this knowledge. At times she can even recognize by name those whom she had met in another life. Knowledge such as this is, of course, not the safest possession of a young woman in 16th century, priest-ridden Italy and there are few with whom she can share it and talk freely.

The success of the story lies in the fact that the strangeness of the theme leaves no feeling of strangeness in the mind of the reader. The actuality of Carola's experiences are



THIS HIGHWAY HAS A SONG. Popular song writers are notoriously fond of "trails," but they don't often write songs about highways. Monkman Pass Highway, partially completed by local amateur effort and now being finished with government aid, runs from the Peace River district down to the highway system of British Columbia, passing this lovely scene above Kinuseo Falls; and it has been made the subject of a popular song, words by Clarence Charters, music by Tex Cochran (the Singing Cowboy), and inspiration from Nellie McClung's article, "The Road Builders."

evidently so real to the writer that they attain reality in the mind of the reader. "Life as Carola" is but fulfillment of the promise given by the authoress in her earlier work, "Winged Pharaoh."

Born as a bastard of the house of Griffin, Carola runs the gamut of human experience. She is thrown out of the castle with her mother when the master brings home his bride, left alone and penniless by the violent death of her mother, wanders about the country with a band of strolling players, is experienced in hunger, close companion of pestilence, misery and death until finally she is tortured as a heretic and escapes to experience the only period of peace and comfort she is to know in her life as Carola. Scarcely more than twenty in actual years, out of her amazing understanding she achieves detachment, through which

she gains an appreciation of how seeming contradictions and incongruities dovetail into the larger scheme of things.

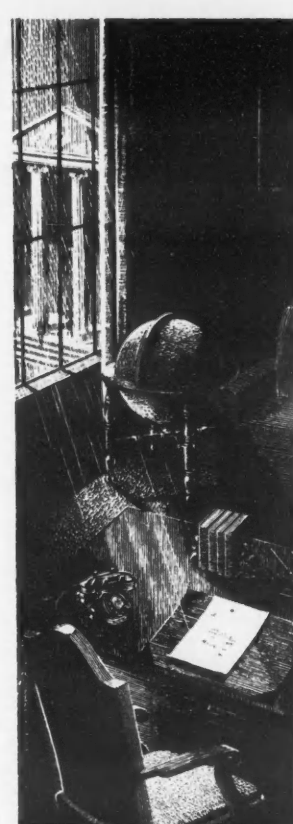
New Books

FICTION

THE GREAT DEBUREAU, by Francis Kozik, Oxford. \$2.75. The Czechoslovakian winner in the All-Nations Prize Contest, in which the international winner was "No Arms, No Armour."

PORTRAIT OF ANGELA, by Elizabeth Cambridge, Jonathan Cape. \$2.50. A novel of the British West Indies by the author of "Hostages to Fortune."

DILDO CAY, by Nelson Hayes, Thomas Allen. \$2.75. A novel of passion against a romantic and exotic island background.



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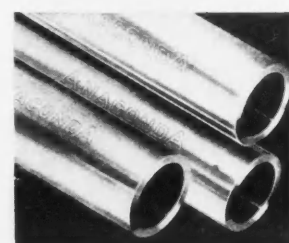
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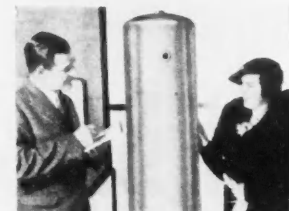
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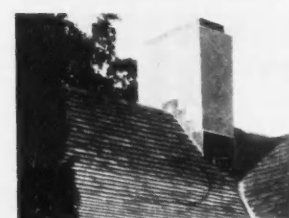
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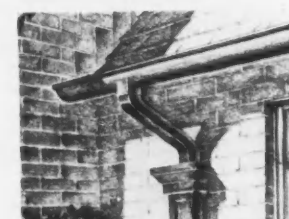
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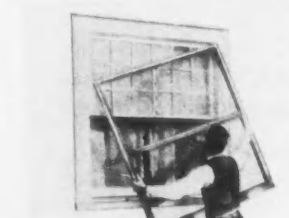
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LONDON LETTER

Don't Breathe a Word

BY P.O'D.

Feb. 12th, 1940.

SOME weeks ago Mr. Mackenzie King was responsible for the pregnant utterance, "all censorship is mostly humbug". These may not be his exact words—I am writing from memory of them—but this, at any rate, is the gist of the dictum. It was widely quoted and commented on in this country; and it must have awakened approving echoes in many British minds. This is a country that doesn't take kindly to censors.

One is reminded of it by the new "Keep It Dark" campaign. Two million and a half posters are being distributed, showing German spies crouching under restaurant tables or behind seats in 'buses, or sidling watchfully up to fellows with their beer in a 'pub, waiting for the careless word that will give away the position of a ship or a new factory or the movements of a regiment.

Well, there may be something in it. There may even be a lot in it. But I find it hard to persuade myself that ordinary people, who are constantly swapping reports and rumors, have anything of real value to tell one another more often than about once in a million times. I find it even harder to believe that the Nazi super-spies at the centre of the web would waste clever subordinates on this sifting of the contents of conversational ash-cans and rubbish heaps, in the hope of picking up a pearl or a diamond now and then.

Still, the authorities seem to think it is important, and I suppose they ought to know. It may be wise to guard against even the million-to-one chance of anything important being

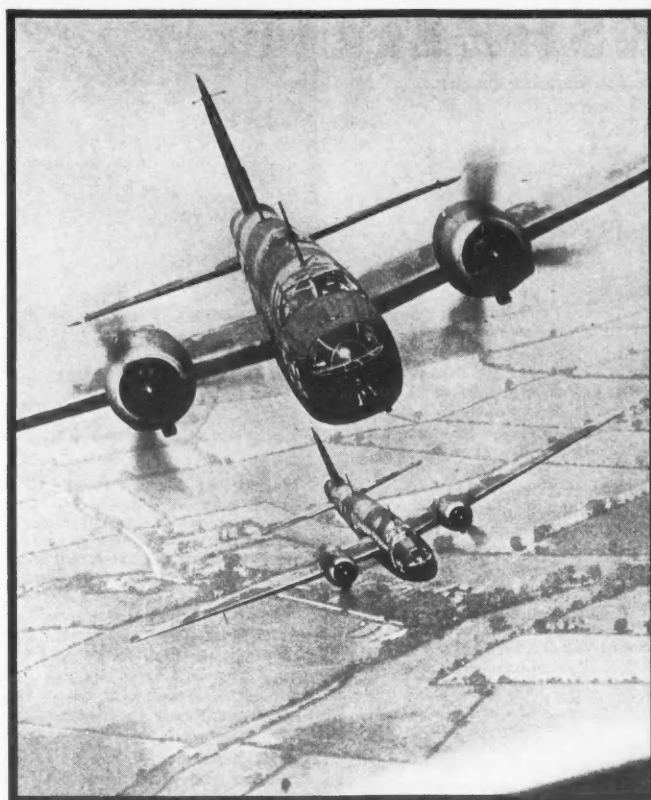
dropped where it would do serious damage. Besides, the posters do not unduly stress the tragic note. They do not try to make our blood run cold.

A great many of them, in fact—especially those by that delightful artist "Fougasse"—are decidedly funny. They get the message across, but with a grin. Whether or not that is the best way to impress upon us the urgency of the warning is rather "moot", perhaps, but at least they do brighten up the bill-boards. And that is something to be grateful for nowadays.

The Theatre Re-Awakens

In spite of black-outs and high taxes and food-rationing and all the rest of it, London at night is getting to look and behave more and more like its old pre-war self. London may be dark, but it is not depressed. The best sign is the way new shows are opening up almost every day or so, and the way people are thronging out to see them—no matter how difficult and dangerous the business of getting along the streets has become.

In this connection, it is pleasant to know that the Old Vic will be opening again in another couple of weeks, with John Gielgud in "King Lear". It is nearly ten years since he played regularly there, and as a youngster of twenty-five or so made the critics and the Town wake up to the fact that a new and brilliant Shakespearean actor had arrived. The Old Vic owed a lot to John Gielgud, but it is also true that John Gielgud owed a lot to the Old Vic and the opportunities it gave him—opportunities he



THEY SWEEP THE GERMAN SKIES. A remarkable photograph of a flight of R.A.F. long-range bombers which fly regularly over Germany. The photograph was made from the rear-gunner's cockpit of the plane ahead.

could have found in no other theatre in the land.

Now he is in a position to repay the debt—fortunately for the Old Vic! Things haven't been going too well of late with that famous and most deserving theatre. All the theatres of London were hard hit by the war, but the Old Vic harder than almost any other. Not because its patrons had suddenly lost their devotion, but

simply because they couldn't get there. The Old Vic is on the wrong side of the river, and with Tube services cut off or severely curtailed—well, the thing became almost hopeless. As a result, the autumn program had to be abandoned, and the company went on tour.

The theatre has ever since been closed, in spite of the protests and appeals of its public. In view of the sort of weather London got during January, no one can say that the Governors of the Old Vic were wrong in their decision.

Even the present Gielgud season of Shakespeare is in the nature of a lucky break. He was really to have set out with his company on a tour of neutral countries as a sort of ambassador of British culture—with full official support, financial and otherwise.

The Germans, it appears, are doing a lot of that kind of thing with opera, so why shouldn't we do it with Shakespeare? But it is, none the less, a little sad to think of the Bard of Avon being trotted about Europe as a rival to Dr. Goebbels—or even Wagner.

At the last moment, however, the scheme fell through, on account of certain unspecified "diplomatic difficulties". And so propaganda's loss has become the Old Vic's gain. There are many people who will feel that it is much better so.

The Camel is Defined

Is a camel a domesticated animal, or is it a creature of the wild? Three eminent lord-justices of the Court of Appeal spent a good deal of time last week deciding this knotty point. They came to the conclusion that it is a domestic animal—even in England, and even in a zoo.

One of the lord-justices was brought up in Egypt, and the experiences of his youth may have had something to do with it. But, to the poor ignorant layman, the decision seems a little hard on the plaintiff in the action, who had been bitten by one. He had tried to feed apples to it, and the camel, either disliking apples or resenting familiarity—haughty beasts, camels!—made a determined and nearly successful effort to eat his hand instead. The poor man felt that he was entitled to damages.

The legal point seems to be that, if you insist on keeping a wild animal, and it bites someone, the responsibility is yours, and you must pay. But if it is a domesticated animal, however

NOBODY NEEDS BULWARKS

SMITH, when a cobra threatened To fasten on his wrist, Said "Look here, snake, you can't bite me; I am a pacifist. I have a scruple, snake, against Your poisoning my blood." The snake, of course, apologized As best a cobra could.

DAVID BROCK.

unsociable in disposition, the responsibility is on the other fellow. It is up to him to look out. So now we all know better than to go about feeding camels.

How jolly it is to catch the law in these lighter moments of its weighty deliberations! I remember a case in which it was called on to decide whether monkeys were bipeds or quadrupeds. It had something to do with the tax on some that were being imported. They were held at Dover while the question was thrashed out.

Unfortunately, I don't remember what the decision was. I therefore cannot say whether a monkey is to be regarded as two-footed or four-footed. Perhaps it depends a good deal on the kind of monkey. It may even be that monkeys are really quadrumanous. Life and law are full of these perplexities. No wonder judges look solemn! Is pigs pigs, or pets? Ask the court. Even if it doesn't know, it will tell you.

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Safety for
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SATURDAY NIGHT, TORONTO, CANADA, MARCH 9, 1940

P. M. Richards,
Financial Editor

Iron and the War— 1914 and Now

BY R. M. COPER

The whole strategy of the First World War gravitated around iron. Germany's iron position was then favorable. Now oil is more important, at least at present. If this war lasts long, however, iron may get back into its own. In such a contingency Germany's iron position is vulnerable.

A FRENCH lady who is very famous in international journalism reported a few weeks ago that "Hitler has been compelled to order the demolition of large sections of minor railway systems in order to divert the material to war purposes. This desperate measure is believed to have already given Germany an extra 10 million tons of iron."

This makes one wonder which is more remarkable, the lady's resourcefulness which enabled her to obtain such undoubtedly secret information, or the stubbornness of the Nazis who do not shrink from destroying their country's valuable assets in the attempt to win a war they cannot win. These thoughts obtrude themselves when we read the news; but when we ponder it...

Approximately one half of the German railway net consists of rails which weigh 98 metric pounds per meter, and the other half consists of 92-lb. rails. But to have our figures simpler let us assume a general average of 100 metric pounds per meter of rail. This means that one meter of track weighs 200 lbs., and one kilometer of track weighs a hundred tons. Thus one hundred thousand kilometers of track would be necessary to make up the ten million tons of iron, or rather steel, of which the lady speaks.

The Need is There

The length of the German railway net is just over sixty thousand kilometers of which about forty per cent. is double track, so that the total track length is about eighty-five thousand kilometers. In other words, the tracks of the entire German railway system weigh about eight and a half million tons. Our apologies, Madame Tabouis, but there are the figures.

Although we have every reason to doubt the extent of the Nazis' calamity as suggested by that news item, there is no reason to doubt the calamity itself, at least not under certain conditions which we shall discuss a little later. However, at the moment we do not think that it is so bad as the Nazis' oil quandary.

There are many reasons to support this view. The most important is that iron, at least as far as it is used in peacetime, is not a wasting asset, or at any rate only a slowly wasting asset. Rails of militarily unimportant lines, for instance, can certainly be taken up and used for other purposes, although one can naturally not take up more than there are. And there are many other things of iron which, valuable and indispensable as they may be in peacetime, can be scrapped and made into war materials, although they are still in good shape. But things would indeed have to be desperate in order to make such devices the Nazis' last straw. They may have taken up rails; but if they have, we had better tell ourselves that it is a matter of preparedness, and not yet a matter of urgency.

If it Were Possible

If it were possible now to cut Germany's iron ore supplies off, the effect would be quite as fatal as that of cutting off her oil supplies, though not nearly so quick. In addition to being quicker, the second action offers also a much better chance of success. For one, Rumania is more dependent than Sweden on trade with the Allies, especially as Germany is more and more falling away as an exporter of those goods which Rumania wants in payment for her oil and her agricultural products. Furthermore, Rumania is also politically more dependent on the Allies than is Sweden. The geographical position of Sweden is such as to make anything untoward that happens to her a direct menace to the United Kingdom; whereas in the Balkans political constellations are possible which would be undesirable to Rumania, but in which the interests of the Allies would not coincide with those of Rumania. All of which means that the Allies have, in case of need, to help Sweden whether they want to or not, and this makes Sweden economically and politically more independent than Rumania who must, in some way or other, pay for the help which she expects anyone to render her against anyone else.

Moreover, in any military activity which might break out in South East Europe the purely military odds are probably better for the Allies than they would be in military operations

to stop Germany's iron ore imports; no matter what, in both cases, the position would be with regard to the line-up of friends and foes.

Iron Supply is Vital

Be all this as it may, there is no doubt that a steady iron supply is more vital for the conduct of war than anything but oil, and may, under certain conditions as we shall see, even become more vital than oil itself. In the last war iron still headed the list, and was infinitely more important than oil. During the first seven months of 1918, when Rumania was completely occupied by Germany, the total oil exports were only 543,737 tons. (At present the monthly rate is supposed to be 130,000 tons, and Germany's total requirements per year at least 10,000,000 tons.)

Iron was during the First World War in fact so important that not only the whole actual strategy of the war gravitated around it, but that also the talks of what one would do to the enemy after the war, were on both sides nothing but iron. Also the political background of that war can largely, directly or indirectly, be traced to the metal.

In May, 1915, when the disastrous consequences of the Battle of the Marne had been realized only by very few in Germany, and when on the contrary victory seemed to be knocking on the Front door, six outstanding industrial and agricultural associations of that country submitted a memorandum to the Imperial Chancellor. After having set forth with great minuteness, and, of course, in great volume, what Germany would have to annex by the shortly-to-be-expected peace treaty, they continued, much as if it were a matter of unimportant detail: "By the acquisition of the line of the Meuse and of the French coast the iron-producing district of Briey, as well as the coal fields of the North and of the Pas de Calais, would be acquired. Territorial annexations, such as those of the mineral and coal regions, would not merely extend our industrial power. They represent military necessities."

Production, 1914-18

On this supposition they argued then that between August, 1914 and the time of that memorandum (May, 1915) the German iron production had doubled, and they wrote the most significant sentence: "If the production of *minette* (the iron ore from Lorraine) were imperilled, the war would be as good as lost."

It is quite true that between those two dates the German output of pig iron increased by a hundred per cent., but it did so only because through the shock of the outbreak of war most of the normal economic activity was momentarily paralyzed, and all production figures slumped heavily. On the whole, the German pig iron production, like that of steel and coal, receded steadily during the First World War, although there was quite a conspicuous rally in 1916. Here are the figures for the German pig iron production in metric tons:

1913	19,291,920
1914	14,389,547
1915	11,787,626
1916	13,284,738
1917	13,142,278
1918	11,754,542

The morals to be drawn from this development warrant our looking a little more closely into those events. In doing so we do not merely rake up things which are irrevocably gone. To be sure, they are gone as far as mere time is concerned, but much as the technical aspect of war has changed since those days, the economic fundamentals of the situation have changed much less. All talk about totalitarian warfare on the part of totalitarian nations, and about total war on the part of democratic nations, is meaningless if it wants to tell us that we are, economically, in a position now of which nobody thought in 1914-18.

Use of Manpower

During the preparation of their great offensive of March, 1918, the German army high command addressed a document to their political authorities. In it they pleaded that the government should give them another few hundred thousand men out of the number of those who, for



THEY NEED ATTENTION, TOO

two reasons, were exempted from military service; to keep the war industries going, and to prevent all other industries from falling bodily to pieces.

They argued that, if Germany would win the war, she would soon have a flourishing industry again; and if she lost it, nothing would matter. Two things are remarkable in this. Firstly that the civil authorities assessed the economic necessities quite properly, in that they did not provide the men, declaring that everybody in the whole country was working for the war. Secondly, the military authorities had recognized and acknowledged this point for over three years, and suddenly completely dropped it. Why? Because their purpose, after more than three years of war, was the lightning war, the second lightning war in the struggle, after the one of 1914 had failed. And they knew if the second one failed, too, the war was lost. The lesson is

obvious; it is the working of democratic control of the military machinery, limited even as this control was in an Empire like the German Empire of that time.

Sources Have Changed

The continuance of iron production was a minor consideration with regard to that offensive. There was plenty of ammunition and there was not only an abundance, but an enormous superfluity of artillery, machine guns, and rifles. What interests us now, is why there was relatively sufficient iron then, and what this shows with regard to the present situation.

One thing has fundamentally changed; the sources of the German iron ore. In 1913 Germany consumed 43 million tons of iron ore, of which fifty per cent. came from the then German part of Lorraine, sixteen per

(Continued on Page 15)

Is Socialism at the End of the Road?

BY W. A. McKAGUE

America has been rushing along the path of socialism, but is now observing with concern the tyranny and the strife into which Europe has been hurled by central governments which were nominally of socialist or communist origin, and which professed the welfare of the people as their ambition.

We in Canada have been led to surrender more and more of our liberty because of the war. The United States is left as a great stronghold of individual liberty, and it has a constitution and a tradition which inspires that kind of thought in its citizens. It may be the centre for a revival of individualism and prosperity.

WHOM the gods would destroy, they first make mad. And what in all the world could be more gigantically mad than is the Europe of today, with its hundreds of millions of supposedly civilized people pitted against one another on issues which they cannot themselves define, turning all of their energies from the pursuits of peace to those of mutual destruction.

Looking backward, they surely can find nothing in their history to impel them into this disaster. Looking forward, they can see nothing but gains or losses which are trivial in comparison with their sacrifices, or else a program of extermination which should be hardly conceivable in a civilized age.

This is what has come from the establishment of great central governments and the loss by the people of the control of their own destinies. It seems to be inevitable that when people allow a government to think for them, they will sooner or later be led into projects which they would never have visualized themselves, and which cannot by any species of logic be deemed as for the common good. It is easier for a government to raise the spectre of external threat, than to achieve a success at home.

Benefits—or Poverty?

The Europe of the middle ages, before the rise of the nations as we know them, was far from peaceful, but the wars waged by the rulers of Burgundy, or Bohemia, or Piedmont, were minor affairs, even in relation to the life of the individual, as compared with the totalitarian schemes

of such a nation as Germany today.

And the strangest thing of all, is that these governments which are hurling their peoples into war and poverty, got their start through claiming an ambition to benefit the people. In Germany it is the National Socialist party. The Fascists of Italy accorded to labor a dignity and a right which did not seem to have been acknowledged before. The Soviet dictatorship of Russia arose from communism. Thus does socialism, through its own ambitions and its suppression of individualism, build up such a governmental machine that the people can no longer control it, and inevitably pass under a dictatorship or a bureaucracy. Even the democracies of Europe have been enmeshed in the trend, and while still claiming allegiance to the theory of self-government, are being led more and more to abandon the practice of what they preach.

Eleventh-Hour Hope

But out of this very madness in Europe comes an eleventh-hour hope that in America individualism may survive. Now that the British Empire and France have pledged themselves to the fortunes of war, the United States, of all the great nations, remains the stronghold of personal liberty and property rights. Many of its own citizens have grave doubts concerning the future, because the socialist trend has been strong in recent years. But the tragedy of Europe is a lesson which it is taking to heart at the present time.

So long as socialism was a popular movement, aspiring to raise the average living standard and in some degree to redistribute wealth, it was capable of sweeping the world. It at least gave promise of fulfilling the basic aspirations of people in every land. But while still young, it has been perverted into a career of dictatorship and aggression, degrading the life of the very people whom it professed to serve.

Influenced by U.S.

That is what causes America to take notice. We in Canada can do little more than sit in the side-lines, because the long arm of the war has reached across the Atlantic and swept aside some of the liberties which for generations we have cherished. But we will be dominated in the long run by what develops in our great neighbor to the south. If the United States goes on to extreme socialism or communism, then we cannot avoid the same trend. If it gives a new lease of life to liberty and opportunity, then we also must provide liberty and opportunity in Canada, or strangle our existence by the loss of labor, capital and industry. No industrial nation can burden itself with socialistic extremes, and survive in competition with others which encourage private enterprise.

New Zealand and Australia, which of all parts of the British Empire have gone the furthest in socialism, have already found that out to their cost. Incidentally, the latest news from New Zealand indicates the replacement of the socialistic scheme by a virtual dictatorship for the duration of the war, and for how long thereafter no one can foretell.

Events in the United States, since the big depression and the New Deal, have been far from encouraging. There have been the same problems of rising public debt and expenditure, and oppressive taxation of property and business, that we so futilely tried to resist in Canada, and which we have let run to the very limit of ability to pay.

For it must be recognized in Canada that if there were any sources capable of yielding more taxes, they would be seized upon by one or other of our public authorities. Even the Dominion government, after declaring for a pay-as-we-go policy, finds it advisable to inflate the business world with some borrowed money, before attempting to raise any more in taxes.

But we in Canada are already staggering under a public debt which represents one-third of our total wealth, and a public expenditure which takes thirty per cent, and threatens to reach forty per cent, of

(Continued on Page 15)

THE BUSINESS FRONT

Can Britain Pay?

BY P. M. RICHARDS

WEALTHY though Britain is, it appears that her resources are going to be strained to the utmost to finance this war, if it continues over several years. The question is of the profoundest concern to Canada, because whatever the situation may be now, as the war develops it will tend to be more and more a case of "sink or swim" together.

Britain's financing problem is more difficult than it was in the last war in two major respects, one that this war is a very much more expensive one than the last, and second that Britain now has to pay cash for supplies from the United States which she was able to obtain on credit the last time.

Probably the United States will break down later on and again accept promises to pay, especially if continued refusal to do so seems likely to endanger the Allied cause, but this can't be counted upon. Isolationist feeling in the U.S. is still strong.

Export Difficulties

To buy supplies abroad Britain must use foreign exchange, foreign securities and gold. To obtain needed foreign exchange she must export goods in as large a volume as possible, but the war has made this more than ordinarily difficult. Diversion of her own industrial production to munitions has lessened export capacity. German submarines and mines and bombers have hindered transportation, production costs have risen due to the war, there is a shortage of skilled labor, and uneconomic purchases of supplies from European neutrals, in order to prevent those supplies going to the Germans, are tending to reduce imports from other countries and hence Britain's ability to export in return.

An article in the *Manchester Guardian*, summarized by the *Washington Sphere*, points out that in peacetime Britain and the Dominions together buy \$95 millions more from the United States than they sell to that country. But on the other hand, the Crown colonies have a favorable balance with the United States of \$35 millions. When all visible and invisible items are taken into consideration, a substantial deficit finally remains.

Taking the later years of the 1914-18 war as a guide, deliveries in this war should be around £300 millions a year. The question therefore is how this huge bill superimposed on a substantial peacetime trade deficit can be met. The *Guardian* writer's suggestions are as follows:

1. Increase exports to the United States, chiefly in colonial rubber and tin and Canadian newsprint. An energetic export policy applied, firstly to whiskey and

secondly to textiles, despite any American protectionism, might result in an increase in export trade of £25 millions.

2. British imports from the United States can be considerably reduced; cotton and tobacco lead the list here, closely followed by American automobiles.

3. British exports must replace American goods (motors, metal goods and engineering products) in other parts of the "sterling area."

4. Gold. The Empire produces over £100 millions of gold annually, a large part of which finds its way to the United States. This output can be further expanded without diverting manpower from armaments.

5. Sale of accumulated assets in the United States.

6. Selling to Americans investments in the British Empire, and encouraging American industries to set up plants within the Empire, particularly in Canada.

7. Circular or indirect methods. The increase of exports to those countries which have large dollar holdings of gold and securities might induce them to transfer in payment part of their American holding, which could be used to pay British obligations in the United States. Thus, exports to Holland and Switzerland would be as effective as exports directly to the United States and in addition would be competing with Germany in those fields.

Anything but Easy

Obviously the achievement of worthwhile result in these fields will not be easy, especially in view of the peculiar difficulties in the sphere of export trade already referred to. And the *Guardian* writer himself points out that efforts to increase exports and decrease imports will not go far enough. Payment by increased gold output, sale of interest-earning capital assets, and the organization of circular transactions will be necessary.

According to the annual compilation of British overseas investments made by Sir Robert Kindersley, Great Britain's total investments abroad, as of the end of 1938, aggregated £3,692 millions, or approximately \$16 billions (U.S. funds) at the present rate of exchange.

The immediate big task in Britain is the co-ordination of the diverse war activities of the country into a unified national effort, as Mr. Layton, *SATURDAY NIGHT*'s London financial correspondent, said in his article last week. And, behind that, it is becoming evident that the task of winning the war is going to involve strains and sacrifices and dislocations to a degree that will test national and Empire resources to the utmost.



GOLD & DROSS

It is recommended that answers to inquiries in this department be read in conjunction with the Business and Market Forecast.

CANADA MALTING

Editor, Gold & Dross:

I am thinking of buying some common stock of Canada Malting. But first I would like some information on the company as to its business, its markets, its capitalization, financial position, earnings record over the past 10 years or so and if you think the current dividend rate is likely to be continued. I have been thinking of the stock as a source of income more than anything. Do you agree with this?

—S. N. P., Toronto, Ont.

Yes, I do. I think that the current price of 38½ adequately values the stock and that for that reason its chief attraction is for income.

Canada Malting Company, Limited, is easily the largest producer of malt and malt by-products in the Dominion; about 90 per cent of its output is sold to brewers and distillers in the domestic market. Its capitalization is authorized at 200,000 shares of no par common stock, of which 198,972 are outstanding. There is no funded debt.

The chief characteristic of the earnings record is its stability. The poorest showing was in 1932 when \$1.39 per share was earned but each succeeding year since then has shown an improvement over this low. Net in the year ended December 31, 1939, was equal to \$2.50 per share, against \$2.95 in 1937, \$4.51 for 17 months in 1936; and \$2.86 in the year ended July 31, 1935. Dividends have closely approximated earnings. The current rate is \$1.50 per share annually and in the past 4 years this has been supplemented by extras of 50 cents per share. Finances are sound: Current assets total \$3,774,624, against total liabilities of \$250,360. Of the former, \$400,781 is in cash and \$290,768 in marketable securities. Net working capital is \$3,524,064.

BULOLO

Editor, Gold & Dross:

Why are not Bulolo Gold Dredging shares selling higher, in view of the \$3.00 dividend?

—R. G., Montreal, Que.

Like many other mining stocks, Bulolo Gold Dredging is suffering from lack of public interest due to uncertainty engendered by war fears. Further, the Australian government has imposed a War Excise Duty which amounts to half the Australian realized price above 19 per ounce of gold produced. Earnings have been down recently and this was attributed to the closing of the No. 3 dredge for alterations. However, January work-

ing profit was \$302,610 as against \$285,180 (U.S. dollars) in December, which compared with \$447,405 (Canadian dollars) December 1938.

The company's working capital position has declined due to heavy expenditures of the past couple of years, but as the present year progresses benefit from the expanding operations should be more apparent. Working capital at May 31, 1939, was \$508,981 as against \$604,505 a year previous and \$1,849,452 at May 31, 1937.

Dredgable gravel reserves at the end of the last fiscal year were estimated at 182,000,000 cubic yards, together with a further 20,000,000 cubic yards which will be handled hydraulically once additional power is available. At the end of the previous fiscal year gravel reserves were estimated at 192,000,000 cubic yards.

ROCDOR

Editor, Gold & Dross:

Will you kindly give me your opinion of the value of the stock of Rocard Mines, which is situated in the Lamaque area of Northwestern Quebec? I have a quantity of 10 cents a share and would like to know if this represents a fair valuation at the present time.

—G. W. L., Goderich, Ont.

No activity has been reported by Rocard Mines for over a year. The shares are offered at three cents, but unlisted brokers state there is no market for them. Mining Corporation of Canada did some diamond drilling in the summer of 1938 under an option agreement, on the property adjoining the Lamaque mine but dropped it without announcing any results.

PRICE BROS.

Editor, Gold & Dross:

As a subscriber to your valued publication, I would be obliged for your opinion of the shares of Price Brothers & Co. In your opinion are these shares a good speculation, or would you sell? I would prefer to hold them if you think the outlook warrants it.

—F. H. D., Kingston, Ont.

I would say that the common stock of Price Brothers & Company has more than average speculative appeal and if I were you I would be inclined to hang onto my commitments.

Canadian newsprint shipments generally were given a fillip of some 14 per cent. in 1939, and earnings for Price Bros. in the fiscal year ending March 31, 1940, will probably show a decided improvement over the 62-cents-per-share deficit shown on the common stock last year. Price Bros., a well-integrated producer, should benefit handsomely from the increased business activity south of the Line, and the premium on American exchange will contribute a needed leaven to profits. An adverse factor is the excess profits tax, which, because of the poor showing of the company over the past few years, is likely to prove a burden.

NEW AUGARITA, NEGUS

Editor, Gold & Dross:

I have been advised to buy New Augarita shares. Have this company and Preston East Dome the same management? Also what are the prospects for Negus?

—D. E. M., Brussels, Ont.

No, New Augarita Porcupine Mines and Preston East Dome have not the same management. The only connection between the two companies is that Preston has agreed to drive a heading from the Preston shaft at 1,050 feet over to the New Augarita property on a cost plus basis, plus 50,000 shares of pooled vendor's stock. In addition Preston is to receive options on 300,000 shares averaged over a three-year period. The drive will not get underway for a few months, until Preston completes its shaft sinking program and about 1,500 to 1,600 feet of work will be required to reach the New Augarita boundary.

It will likely be seven or eight months before much information will be available as to the ore possibilities of the New Augarita property. Some interesting results were secured in diamond drilling and the New Augarita management is of the opinion that conditions will improve at depth. The property comprises over a mile of ground along the strike of the favorable formation.

A comfortable profit is being made and the management is well pleased with developments at Negus Mines, which only commenced milling a year ago. Up to the end of 1939, the 50-ton plant had recovered over \$583,000, from 18,996 tons, an average of \$30.72 gold per ton. Production in January was \$81,000 with average grade and total recovery exceeding any previous month. The outlook appears promising.



COL. K. R. MARSHALL, C.M.G., D.S.O., president, Standard Fuel Company, Limited, who has been elected vice-president of the Chartered Trust & Executor Co.

—Photo by "Who's Who in Canada."

Mines

BY J. A. McRAE

CANADIAN gold production has reached a rate of very close to 100,000 ounces weekly, or well over three tons of gold bullion every seven days.

Hollinger Consolidated Gold Mines is producing a little over one ton of gold bullion every 30 days.

San Antonio Gold Mines produced \$1,245,430 during 1939 and realized a net profit of \$495,413. This compared with a profit of \$353,285 in the preceding year. Ore reserves were increased by 147,971 tons with a total of 491,486 tons reported at the close of 1939.

God's Lake Gold Mines produced \$941,000 during 1939 and made a net profit of \$136,912. This compared with a profit of just \$8,272 in the preceding year. Current assets exceed current liabilities by \$920,000.

Gold is regarded as one of the bulwarks of democratic nations. The Smuts government in South Africa which has brought that country into unquestioned support of the Allied cause has been quick to recognize this, as is made evident in advice that the gold mines of South Africa are to be exempted from the Excess Profit Tax imposed some months ago.

No one doubts the fact that serious thought is to be given the question of ways and means by which the \$18,000,000,000 in gold in the United States may be brought into more active use than at present, however, no one doubts but that the function of this gold will be to overwhelming advantage of democratic principles, and with the value of this gold more likely to appreciate with the passing of time rather than otherwise.

Howey Gold Mines reported a net profit of \$222,600 during 1939. Gross income during the year was \$1,161,136, with 543,912 tons of ore having been hoisted and sorted. The investments of the company have appreciated by over \$1,000,000 according to the company president.

Aunor Gold Mines is milling 280 tons of ore daily. The new plant is giving high efficiency and may be speeded up a further ten per cent. in due time. The ore so far milled has carried \$12 to the ton. A number of deep diamond drill holes have indicated downward continuity of ore of average grade.

Century Mining Company which controls the Golden West property in Northern Manitoba, reports the Golden West justifies a mill of possibly 200 tons of ore daily, a grade of \$12 per ton having been indicated.

Base Metals Mining Corporation is milling 200 tons of ore daily, and a rate of 300 tons is ultimately expected. Despite the low price of zinc and lead a moderate profit is reported.

Pickle Crow Gold Mines will pay a dividend of 10 cents per share on March 30, this rate now being regarded as a quarterly fixture.

Buffalo Ankerite will disburse a dividend of 12½ cents per share on April 2.

McIntyre-Porcupine is among the mining companies afflicted with cash. For many years the net profits have exceeded dividend disbursements, sometimes being more than double the dividend rate. In the past four years the net profit earned annually has ranged from \$4.46 per share to \$4.65 per share. Dividend disbursements have been at a rate of only \$2 per share. As a result of this, the company has stored up total current assets of not far short of \$20,000,000. As the company is capitalized at just 800,000 shares, this big reserve amounts to not far under \$25 per share on McIntyre-Porcupine—but with the company now obliged to re-

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"An you had any eye behind you, you might see more detraction at your heels than fortunes before you."

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tain its financial surplus indefinitely. Because of this, the company is expected to consider a dividend rate more in keeping with current profits.

The province of Quebec has 26 gold producing mines. Output in 1939 was \$34,447,800 from 6,676,000 tons of ore. The 1939 production was 10 per cent. above that of 1938.

Noranda Mines, although generally rated as a copper producing mine, reported an output of \$9,571,872 in gold during 1939.

Lamaque Gold Mines made a net profit of \$2,016,797 during 1939. This compared with \$1,658,211 in the preceding year. Costs were \$5.56 per ton or \$18.29 for each ounce of gold pro-

duced. Gross production for the year was \$4,832,831, or \$11.04 per ton.

God's Lake has declared a dividend of 2½ cents per share payable March 15.

International Nickel Company has greatly impressed Canadian observers with its offer to handle the metal from the Falconbridge Nickel Mines in event of the fortunes of war disrupting the operation of the Falconbridge refinery in Norway. This proposition advanced by International Nickel has relieved the directors of Falconbridge from any necessity of giving thought to construction of a nickel refinery in Canada at a time when all resources may better be concentrated upon national effort during the current period of war.

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BUSINESS AND MARKET FORECAST

BY HARUSPEX

The long-term or year-to-year direction of stock prices has been upward since March 31, 1938. Assurance is yet lacking that the short-term or month-to-month movement, down from mid-September, has reversed upward. See comment below.

THE BUSINESS TREND

Business in the United States has registered an extremely sharp drop from the peak levels established at the year end. Production, in terms of the United States Federal Reserve Board's Index, is estimated, for last week, around 109-108, down some 20 points from the 128 level made in December. This rather immediate downward readjustment is tending to correct quickly any excesses arising out of the sharp business advance over the last four months of 1939.

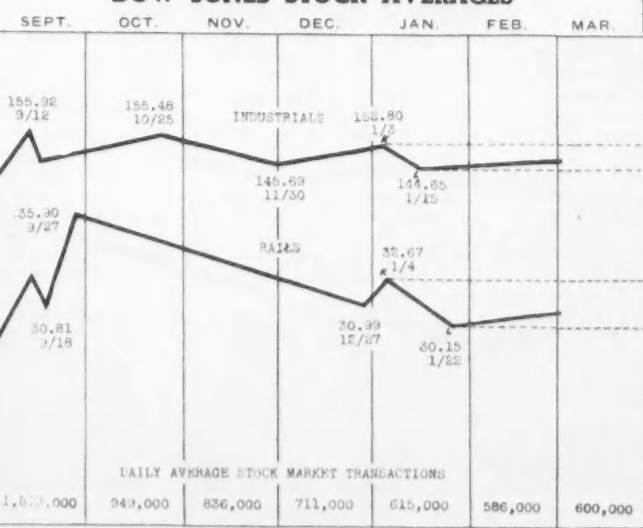
With somewhat higher inventories, as compared with levels prevailing over the first half of last year, now justified by the presence of an important war abroad, and with consumption of goods being maintained at a relatively high rate, it is not improbable that the current business setback will have run its course by the end of March or early April.

A MARKET UPTURN?

The New York stock market customarily anticipates a change in business' direction. If the temporary business upturn is to develop in the second quarter, as seems likely, it would likewise seem that a market upturn, if not already underway, should not be far distant in point of time.

Ability of the two Dow-Jones averages to move decisively above the early January peaks (points K on the attached chart) would confirm an upward trend in the market as having been established on January 15 (points L). To the contrary, renewed decline at this juncture, carrying the two averages decisively below their support points "L," would suggest extension of the corrective movement, probably into an area moderately below the 144 level established by the industrial average on January 15, prior to resumption of the main movement.

DOW JONES STOCK AVERAGES



BACHELORS' Defense

A famous poet has set it down in black and white and rhyme that a woman is only a woman, but a good cigar is a smoke. Bachelors are good cigars. In fact, though they cost only 10c, they are 100% Havana filler—a noble smoke! They soothe the troubles of the married and allay the longings of the single... and they add to the delights of both.

Dividend Notices

NATIONAL STEEL CAR CORPORATION LIMITED

Notice is hereby given that a dividend of fifty cents (\$0.50) per share has been declared, payable April 15th, 1940, to shareholders of record at the close of business, March 30th, 1940.

By Order of the Board,
CHAS. W. ADAM,
Secretary.

Canadian Wirebound Boxes LIMITED

DIVIDEND NOTICE

The Board of Directors of the Company have declared a dividend of thirty-seven and one-half cents (37½¢) per share on account of arrears on the Class "A" shares of the Company, payable April 1st, 1940, to shareholders of record at the close of business March 15th, 1940.

By Order of the Board,
J. P. BERNIE,
Secretary.

Hollinger Consolidated Gold Mines Limited

DIVIDEND NUMBER 329

A regular dividend of 1% has been declared by the Directors on the Capital Stock of the Company, payable on the 25th day of March, 1940, to shareholders of record at the close of business on the 11th day of March, 1940.

DATED the 2nd day of March, 1940.
I. McIVOR,
Assistant-Treasurer.

McCOLL-FRONTENAC OIL COMPANY LIMITED

Preferred Stock Dividend No. 49

NOTICE IS HEREBY GIVEN that a dividend of \$1.50 per share being at the rate of 6 per cent per annum has been declared on the 6 per cent cumulative Preferred Stock of McColl-Frontenac Oil Company, Limited for the quarter ending March 30th, 1940, payable April 15th, 1940, to shareholders of record at the close of business March 30th, 1940.

By Order of the Board,
FRED HUNT,
Secretary.
February 28th, 1940.

Western Oil and Oil Men

BY T. E. KEYES

A PLEBISCITE of the citizens of Saskatoon to ratify an exclusive 20-year gas franchise agreement between the city and Northern Natural Gas Co. Ltd., a wholly-owned Franco Oils Ltd. subsidiary, will be held on April 3.

The Saskatchewan Local Government Board held a public enquiry on this matter some weeks ago, and last week approved the agreement and is permitting the Saskatoon citizens to vote on the matter. A majority vote is sufficient to ratify the agreement.

The ultimate cost of building the pipeline and installing the gas distributing system in Saskatoon and towns enroute from the source of the gas supply at Lloydminster, is estimated at \$5,000,000.

If the vote is favorable, as is anticipated, the city will have gas available by this fall.

If this development is carried out it should greatly stimulate drilling in the Lloydminster and Vera areas.

While there are several good producing gas wells and 3 oil wells in this field, so far the gas market has been limited to the town of Lloyd-

minster. In the case of the oil wells, the market is even worse as the oil is of a heavy gravity, and refiners want large quantities available before they will change their plants.

This oil is considered an excellent fuel oil but again the power companies and other potential users want to know that sufficient supplies to last several years are available before they will change their boiler equipment.

However a start has been made with the Saskatchewan Power Commission's North Battleford plant, and it is expected other plants will be using it in the near future.

It is the old story, every new oil and gas field has its various problems to overcome. However, according to Edward Delaney, production expert from Los Angeles, who visited this field last week, there are no serious production problems and the oil is O.K.

The Standard of B.C. Steveville well is out of control again, and blowing wild. Some weeks ago the well unexpectedly blew into production and after a 10-day struggle was finally shut in. The crew have been working for several weeks trying to pump baroid (a very heavy solution) into the well to kill it, or stop the gas flow. It was during one of these operations that the well got away.

The Standard of B.C. is controlled by the Standard of California, and officials of the parent company recently visited the field and are very pleased with the huge gas flow which also has some oil.

The local manager, John Galloway, feels confident a major strike has been made at the Steveville field. He has selected locations for the drilling of further wells nearby.

According to unofficial reports the McColl-Frontenac Oil Co. is negotiating to take over large acreage holdings in the Moose Dome area.

OGILVIE FLOUR

Editor, Gold & Dross:

Some years ago I bought a few shares of Ogilvie Milling common stock. They later were split 8 to 1 and selling as they are now they show quite a fair-sized profit on the price at which I bought them. Dividends on these shares are not large and if they are not likely to go up I thought it might be well to sell out and take my profit. Before doing so, however, I decided to write you as I have frequently benefited by your good advice on other occasions.

—I. S. W., Rothesay, N.B.

While I think there is a little life in Ogilvie common yet, if, as you say, you have a "fair sized profit", you might be well advised to sell. The stock, quoted currently at 32, is yielding 3.1 per cent. at the \$1-per-share dividend rate.

As you probably know, Ogilvie Flour Mills Company, Limited, mills flour and produces other cereal foods such as corn meal, breakfast foods made from wheat and oats, and cattle and poultry feeds. The company also manufactures boxes, barrels, packing cases, cartons and containers for its own use. For the year ended August 31, 1939, earnings were equal to \$1.43 per share — the highest since 1930 when \$1.65 per share was earned. Earnings should be well maintained over the current year and the \$1 dividend seems secure.

WOMAN LAKE

Editor, Gold & Dross:

I am holding shares in Woman Lake Goldfields Development, and would greatly appreciate any information as to what the company is doing, also if it has all its claims yet.

—J. W. P., Toronto, Ont.

No activity has been reported for over a year by Woman Lake Goldfields Development, undoubtedly due to lack of finances. The company holds 28 patented claims, over 1,000 acres, in Dent township, Woman Lake area. Surface work and considerable diamond drilling was completed in which some 18 veins were disclosed and sinking of a shaft has been recommended.

NUGOLD

Editor, Gold & Dross:

Please advise me about the financial standing of Nugold Mines (1939) Ltd.; its prospects as a mine, the state of development of the mine, and the probable value of the new issue of stock.

—H. G., Stratford, Ont.

Nugold Mines (1939) is inactive pending raising of finances to instal a cyanide unit in the mill. The new addition is to improve recovery and will cost approximately \$50,000. As of August 25, last, the company reported no current liabilities or pro-

perty encumbrances. Out of a capitalization of 3,500,000 shares, 1,888,110 are outstanding of which 1,842,353 are pooled. The eventual exchange for Nugold Mining Corp. will be on a share-for-share basis. I understand the shares are being offered around fifty cents.

Three levels have been opened and about 2,000 feet of lateral work completed on the two bottom floors. Five veins have been opened and it is estimated 30,000 tons of ore averaging \$20 has been indicated. Once finances are available additional drilling will likely be done before further underground work.

B-A OIL

Editor, Gold & Dross:

I have valued your advice in the past, so again I am asking what you think of selling my B-A Oil and investing in Imperial Oil. I am anxious to increase my principal and still have a reasonable rate of interest.

—W. W. N., Quebec, Que.

I don't think I would switch my B-A Oil holdings for Imperial Oil. It seems to me that because of the large-scale capitalization of the latter, its appreciation prospects are more limited than those of B-A Oil. As you probably know, B-A Oil occupies an important position in the oil industry in Canada and this, together with the long term potentialities of the American subsidiary, gives the stock above-average speculative attraction.

Sales of B-A Oil in 1939 reached a new high, but earnings will probably show little increase over the \$1.26 of 1938, for prices were unsatisfactory in the early part of the year. The company's outlook in the 1940 fiscal year is favorable: in Canada, consumption of petroleum products is expected to continue to increase under the impetus of greater industrial activity arising from the war; crude oil output of the American subsidiary is expected to continue upward. The \$1 dividend rate should be maintained.

MONETA

Editor, Gold & Dross:

I own some shares of Moneta Porcupine and don't know whether I should keep them or not. The market behavior has not been very good. Apparently it's a question of how much ore there is. Please say what you would do in my place.

—S. J. T., Outremont, Que.

I think, personally, I would be inclined to hold Moneta Porcupine and receive the larger dividends which appear assured for some time to come. You must realize, however, that no one can foresee what lies ahead of the present development, but with at least two and a half years' ore supply ahead of the mill and half a million dollars in working capital, the company is well able to pursue the search for additional ore at depth, which work is fully justified by geological and structural conditions. Development of a block of three new levels below the 975-foot horizon is proceeding, but so far no new ore has been reported.

CANADIAN CAR

Editor, Gold & Dross:

Since I have some of the stock of Canadian Car & Foundry I was wondering if you could give me some information on the latest developments in the award which was made this company by the Mixed Claims Commission. Has anything developed recently?

—C. K. L., Campbellton, N.B.

As you probably know, the German-American Mixed Claims Commission awarded \$5,871,000 in principal and interest to Canadian Car



L. M. SHERWOOD, appointed vice-president and controller of Fraser Companies Limited, Fraser Paper Limited, Fraser Realities Limited and Restigouche Company Limited. He had been treasurer since August 1929 and secretary since March 1935.

& Foundry, arising out of the explosions at Kingsland, N.J., just prior to the entry of the United States into the Great War. An injunction was filed by Zimmerman & Forsyth Assets Realization Corporation of New York, claiming that the grant was invalid because the German commissioner, who had resigned, had not been replaced.

Now the appeal taken from the injunction will be heard before the Circuit Court of Appeals at Washington in the week of March 11. The original Claims Commission award was appealed from before the District Court of Columbia at Washington, but the appeal was disallowed and the present appeal is from that finding. The whole proceeding is designed to slow up distribution of the award, or, failing that, to delay it as long as possible.

LEITCH

Editor, Gold & Dross:

Will you please give me the latest developments at Leitch Gold Mines? How has the ore exploration been going; is the management going to increase the mill tonnage and what do you think of the future prospects of this mine?

—P. L., Victoria, B.C.

Leitch Gold Mines has completed development of the four lower levels with results up to expectations and the two deepest horizons proving the best in the mine. The company now has sufficient ore developed above the 1,000-foot floor to keep the mill at its present capacity for three and a half years.

While a small increase in tonnage may result from changes being made in the mill which should improve recovery about fifty cents per ton, any stepping up of mill capacity depends on new ore disclosures this year. The No. 1 vein has been found to be as good at a depth of 1,500 feet as on the 1,000-foot horizon, in a drill hole. Net profit from operations in 1939 was equivalent to 10.4 cents a share as against 10.1 cents in the previous year. Net current assets were higher at \$489,872, while current liabilities were \$29,688.

A deep diamond drill hole has cut a diabase sill at 1,850 feet, but the management is not disturbed over this development, it being pointed out that the Northern Empire Mines, four miles distant, found its vein to be just as strong below the sill as above. A long life is anticipated for the mine which is stated to be in excellent shape.

Canadian Business Expands

Across the broad range of Canadian industry and commerce, substantial advances are being recorded month by month.

Since early last year volume of production has increased. This advance was accelerated by the larger farm purchasing power resulting from excellent crops and was further stimulated by war orders, which have increased Canadian business as a whole and also favourably affected export trade.

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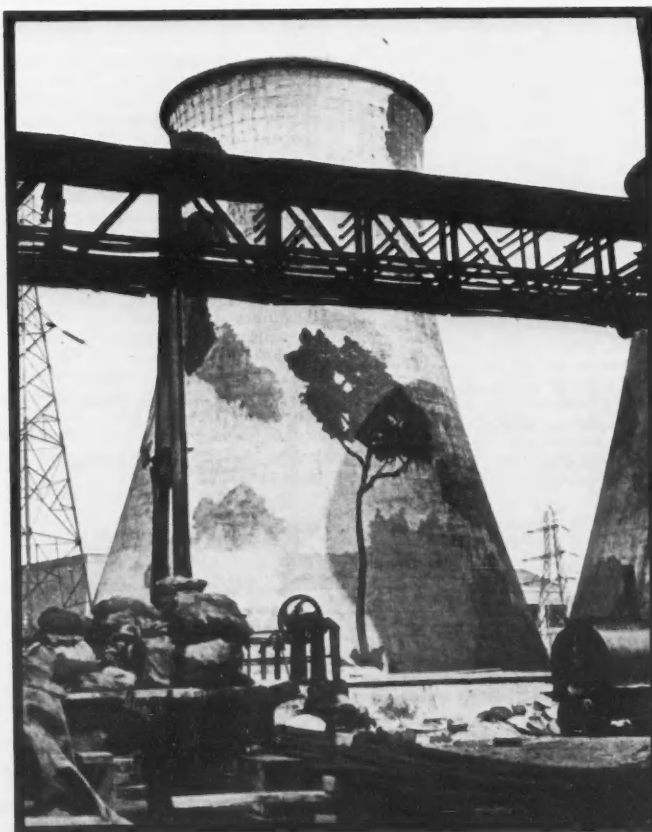
AGRICULTURE

AGRICULTURE, with the inclusion of stock raising and horticulture, is the chief single industry of the Canadian people, employing, at the time of the last census in 1931, 28.7 per cent. of the totally gainfully occupied population, and 33.9 per cent. or over one-third of the gainfully occupied males. In addition, agriculture pro-

vides the raw material for many Canadian manufactures and its products, in raw or manufactured form, constitute a very large percentage of Canadian exports.

SHORN WOOL

Shorn wool production in Canada for 1939 is estimated at 13,615,000 pounds compared with 13,386,000 in 1938.



LIKE GIGANTIC ORNAMENTAL VASES, these cooling towers at Leicester Electric Works appear shortly after the visit of camouflage artists. The ornamentation is designed to make the towers hard to distinguish from the air and so less vulnerable to air attacks.



COL. JAMES A. CROSS, former Attorney-General of Saskatchewan, who has been appointed to the Board of Transport Commissioners for Canada, at Ottawa.
—Photo by "Who's Who in Canada."

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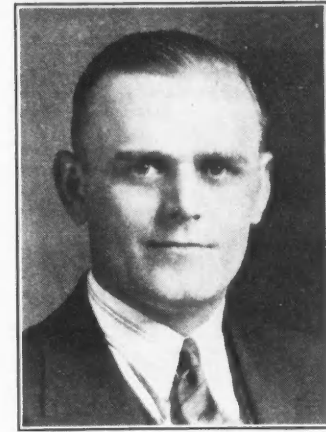
CONCERNING INSURANCE

Better Trained Agents Required

BY GEORGE GILBERT

While there is much to be said in favor of efforts to develop a more favorable public opinion of the insurance business and its sales organizations, it should not be overlooked that the first move is to make sure that the business has eliminated from its activities every factor which can adversely affect public relations.

One of the adverse factors at present is the multiplicity of unfit agents who are still being retained in the field forces of the companies. If the companies would forget volume for a while, and never employ a man until they are convinced that he has the qualities to make a worthy and successful representative, and if they would never send him into the field untrained, the development and maintenance of satisfactory public relations would be easier of accomplishment.



ERIC V. CHOWN, who has been appointed associate manager at Vancouver of the Mutual Life Assurance Company of Canada. He was formerly manager of the company at Winnipeg.

AS THE cost of a unit of life insurance to the companies has been increasing for some time, due to the expense involved in placing business on the books and keeping it there until it becomes self-supporting, the time has arrived when more thought must be devoted to the improvement of the quality of the business and of the personnel of the agency forces.

A system of agency representation and agency remuneration must be adopted that will make quality of business rather than quantity the main desideratum. It may seem like a truism to say that only properly trained and properly remunerated agents will produce business of the required quality and permanence to enable a company to grow and function to the best advantage of its policyholders.

Yet it must be admitted that the prevailing tendency in the past has been to base the agent's remuneration principally upon the volume of new insurance obtained, and to appoint as an agent almost anybody who can bring in applications for policies or who gives promise of being able to do so.

Then there is still in the business the so-called part-time agent who devotes only a portion of his efforts to the sale of insurance, his main occupation being something else. While in the outlying sections of the country there may be a valid reason for the continued existence of the part-timer, there should no longer be any place in the business for an untrained agent, whether of the whole-time or part-time class.

Haphazard Methods

Present day conditions require that the companies should either confine their agency appointments to qualified and experienced persons, or should properly train their new representatives before turning them loose on the public. Carefully managed companies cannot afford to encumber their field organization with a lot of raw agency material on the chance that a certain percentage will eventually make good.

This process of development by trial and error has been proved to be altogether too wasteful in the present period of narrow profit margins for any company that is desirous of retaining the confidence of the public by keeping the net cost of insurance under its contracts down to a reasonable figure.

Premium rate increases and reductions in policyholders' dividends can only be carried to a certain point before they begin to adversely affect the sale of life insurance and the maintenance of its force after it is sold, so that the companies will, perforce, have to do away with the waste and extravagance involved in carrying so much deadwood on their agency rolls, if they expect their business to grow in the future.

Although it is true that the public are becoming more "life insurance conscious" all the time, it is also a fact that they are likewise becoming more "cost conscious" in regard to their life insurance. In a word, they are becoming more discriminating buyers, and they will become still more discriminating as a better knowledge of life insurance spreads among the general population.

Buyer More Cautious

While a large volume of insurance is unquestionably still being bought on the strength of the agent's representations, or partly because the company is a large and well-known one, the day is passing when the purchaser of life insurance will take a policy in any company, large or small, well-known or not well-known, simply because he is being solicited to do so by a clever agent or by a friend or relative in the business.

More and more he will be buying life insurance only to meet definite and real needs, and he will be purchasing it only through well-qualified and reliable representatives of companies, large or small, that can meet the acid test, not only of inherent strength and security, but of low net cost.

Further, he will not be carried off his feet by the size or age of a company, or by the forcefulness of an agent, or by the wonderful illustrations of profits placed before him, or because life insurance is a good thing and he might as well have some, but he will buy because he knows what he requires in order to meet his family or business responsibilities and to carry out his plans for the future, and because he knows that the company from

which he is buying and the agent through whom he is buying are providing him with sound insurance that adequately meets his requirements at as low a cost as such sound insurance is to be obtained.

Solid growth is not achieved by a company through writing a large volume of new business each year only to have the great bulk of it disappear in a year or two by way of lapsation, although the agents who wrote the new business may find it remunerative on account of the large first year's commissions they received.

Agent's Incentive

Until agents are given a greater incentive to keep business on the books after it is placed there, instead of being mainly interested in getting it there and the first premium paid, little improvement in the situation can be looked for. Agents cannot be expected to devote themselves to quality of business rather than quantity as long as their remuneration depends principally upon the volume of new business they obtain.

As the number of years necessary for new business to yield a profit is increasing, the companies must realize that the permanency of the business and the conservation of the business on their books have become as vital or more vital than the acquisition of business. In other words, it is time to quit worshipping the god of volume and to devote more time and effort to the matter of quality and permanence.

By improving the quality of the business, the result is a lower production cost in the operation of a life insurance business. In most other businesses, improving quality in service or in production, means greater cost, but not so in the life insurance business.

One suggestion which has been made recently and which should receive careful consideration is that, as part of their training, agents should be given complete and accurate information concerning the elements entering into the original cost of the business and the possibility of profit from their activities. It is claimed that the training of every agent should include a complete knowledge of the kind and type of business profitable to the company and acceptable to it on that basis, and that it should also include a complete knowledge of all the factors entering into profit-making from that business.

Drop in U.S. Life Insurance Sales

NEW life insurance in the United States for January was 10.5 per cent less than for January of last year. January of 1939 had a gain of 23.9 per cent over the corresponding month of 1938, and was the highest January since 1935.

The new life insurance report was forwarded by The Association of Life Insurance Presidents to the United States Department of Commerce. The report which aggregates the figures of 40 companies having 82 per cent of the total life insurance outstanding in all United States legal reserve companies, reveals that new paid-for life insurance of these companies—exclusive of revivals, increases, and dividend additions—amounted to \$653,156,000 last month in comparison with \$729,937,000 in January of last year.

Ordinary insurance was \$405,538,000 against \$578,675,000 in January of 1939—a decrease of 29.9 per cent. Industrial insurance was \$113,111,000 against \$99,363,000—an increase of 13.8 per cent. Group insurance amounted to \$134,507,000 against \$51,899,000—an increase of 159.2 per cent.

Inquiries

Editor, Concerning Insurance:

We have a client who is the owner of a long system mill—fifty barrels. We notice in your issue of December 23, 1939 an advertisement by a Mill-owners Mutual Fire Insurance Company of Iowa. Could you give us any idea of the financial standing of this Company and its record in paying losses and let us know whether in your opinion this company would be a sound Company for our client to place its insurance in.

—G.R.W., Ashern, Man.

Mill Owners Mutual Fire Insurance Company of Iowa was incorporated in 1875, and has been doing bus-

ness in Canada under Dominion registry since April 3, 1923. It is regularly licensed in this country, and has a deposit with the Government at Ottawa of \$240,950 for the protection of Canadian policyholders exclusively.

At the beginning of 1939, the latest date for which Government figures are available, its total assets in Canada were \$335,977.40, while its total liabilities in this country amounted to \$150,843.16, showing a surplus here of \$185,134.24.

It issues only non-assessable policies, and is safe to do business with. All claims are readily collectable.

Editor, Concerning Insurance:

At the present time, I am holding six thousand dollars of insurance, called 20-Pay Life, and with which I have no complaint.

However, I feel that I am in need of more insurance, the maximum possible and am considering taking another five thousand in a straight life policy. Can you tell me if this is the best thing to do? Suppose after several years, I was unable to continue payments, would the policy have any value either in cash surrender value or in the form of paid up insurance? Supposing that, after some years, I wished to convert the policy into some other form, would that be possible or not? I have been advised that a straight life policy, non-participating, gives one the greatest protection for the least outlay.

I would be grateful for your comment and suggestions in this connection.

—C.T.J., Toronto, Ont.

If in need of more insurance protection for dependents, you would be well-advised to take out a policy on the straight life plan, non-par., as by doing so you will be obtaining the largest amount of permanent protection for the smallest amount of current outlay.

At the end of two or three years, the whole life policy will have cash, loan and paid up values, and these values will steadily increase each year as the yearly premiums are paid. If later on you desired to convert the policy into a higher premium form of policy, say a 20-pay life policy, there would be no difficulty in effecting the change.

Editor, Concerning Insurance:

How does the financial position of the Empire Life Insurance Company, with head office at Kingston, compare with other Insurance Companies? What is the market value of Capital Stock shares?

I have been a subscriber of SATURDAY NIGHT for years and enjoy this question and answer column in particular.

—B.M.J., Burlington, Ont.

Empire Life Insurance Company, with head office at Kingston, Ont., has been in business since 1923, and operates under Ontario charter and license and not under Dominion charter and registry.

Its authorized capital was originally \$2,000,000 in shares of the par value of \$100 each. The authorized capital was later increased to \$5,000,000, and then in 1935 was reduced again to \$2,500,000. At the same time half the paid up capital of \$625,810 was written off, and the par value of the shares was reduced from \$100 to \$50. By means of this operation on the capital, the company was able to show a net surplus at the end of the year of \$202,109.99 instead of a deficit or impairment of \$113,731.13 as was shown at the end of 1934.

At the end of 1939, its total assets were \$9,852,440.74, while its total liabilities except capital amounted to \$9,251,641.38, showing a surplus as regards policyholders of \$600,799.36. As the paid up capital amounted to \$313,145.00, there was thus a net surplus of \$287,654.36 over capital, policy reserves and all liabilities. The company accordingly furnishes ample security to policyholders, and all claims are readily collectable.

The latest quotation I have on the stock is \$6.50 per share bid. The recent declaration of a 4 per cent dividend on the paid up capital should arouse interest in the stock.

EDUCATION



Once
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Printed and published in Canada
CONSOLIDATED PRESS LIMITED
CORNER OF RICHMOND AND SHEPPARD
STREETS, TORONTO 2, CANADA

MONTREAL: New Birk's Bldg.
NEW YORK: Room 512, 101 Park Ave.
E. R. Milling - Business Manager
C. T. Croucher - Assistant Business Manager
J. F. Fay - Circulation Manager

Vol. 55, No. 19 Whole No. 2451

Iron and the War—1914 and Now

(Continued from Page 11)

cent. from the rest of Germany, and the remaining thirty-four per cent. from other countries, notably Sweden and Spain.

The Peace Treaty of Frankfurt after the Franco-Prussian War of 1870-71 had turned the whole of Lorraine (and Alsace, of course) over to Germany. But Bismarck contented himself with a part of Lorraine only, namely that part which contained the valuable iron ore mines. The other part he left to France, because he wanted to incense the foe of yesterday not more than necessary; and all he was concerned with was, through annexation of the iron ore deposits, to deprive France as far as possible of the means to prepare for revenge.

Later on, however, it proved that just that part of Lorraine which had been left to France contained more extensive iron ore reserves than that which Germany had annexed. It is, in a way, amusing to see that at about the same time when the above-mentioned memorandum of the six associations was written, certain German industrial and economic experts asserted that Germany had a perfect legal and moral claim to the whole of Lorraine, because it was given to her under the Treaty of Frankfurt; and because the claim had not been fully exercised only, because—seriously—Bismarck had been misinformed by his geological experts! Anyway, their argument did not help these strange logicians to win the First World War.

The Lorraine Deposits

Of course, in the other camp we saw in those days the same endeavor to keep the enemy disarmed by depriving him of the means of re-arming. The retrocession of Alsace and Lorraine to France is certainly not to be viewed only, or even chiefly, in this light, but definitely to be viewed so is the putting of the Saar Valley under a League of Nations Commission.

Shortly before that war it had been calculated that the iron ore deposits in German Lorraine amounted to 1800 million tons, whereas those in French Lorraine were 3000 million tons. The chief point, however, is that during nearly the whole of the war 1914-18 the Briey Basin in then French Lorraine was not only occupied by the Germans, but worked at full speed. If, in spite of this favorable circumstance the German iron production decreased, it did so not for want of ore, but for want of men.

The two fundamental points with regard to the present war are, then, these. Firstly, the German iron production 1914-18 decreased; secondly, it need not have decreased from the ore point of view.

With regard to the first point we must ask the question: was it a matter of no concern to the Germans that the iron production decreased then, and would it be a matter of no concern to them if it had to decrease now? The first part of the question must emphatically be answered with yes; the second part must be answered with some ifs.

With regard to the First World War we have already intimated the most important point; the abundance of arms. Of course, there were no tanks. At the end of the war there were many thousands of British tanks in action. But Germany built during the whole war only fifteen tanks, and re-conditioned another seventy-five, which had been captured, in the repair shops in Charleroi. A large number of tanks would possibly, or even probably, have decided the 1918 offensive and the whole war in favor of Germany. But it was not a shortage of iron which prevented their construction.

Decrease Disastrous

At present a decrease in the iron production may be disastrous for Germany. For the factories which such a decrease would prevent from being finished are even more vital than tanks would have been in 1918, if this war will be long. We are expecting a great German offensive somewhere. If this offensive fails we cannot see a possibility of German recovery, above all a recovery of morale. If it succeeds, which we do not believe, staying power will be decisive, and in that case iron may be even more vital than oil.

It fits into this picture that the British Navy is displaying a strong interest in the Swedish ore shipments from Narvik to Germany. Narvik is a Norwegian port which is connected by rail with the two enormously rich and high-grade Swedish iron ore deposits at Luossavara and Kiruna. The same railway line connects these deposits also with the Swedish port of Lulea on the Gulf of Bothnia. Narvik is the winter port for shipping ore to Germany, and Lulea the summer port, because the Gulf of Bothnia is ice-bound in winter. Naturally, the transport via Narvik is cheaper, but this does not count in war because the Lulea connection is shorter and safer.

The British Navy's interest in the Narvik route is at present only platonic, because, although ships which leave Narvik must go through a short stretch of open sea, the route leads almost all the way through

neutral territorial waters. But, nevertheless, the interest must be valued as a rehearsal for subsequent occasions, and if the war continued on for another, or more other winters, the German iron position is bound to become increasingly more vulnerable. There are at present no, or at least not many, indications of developments which might allow also of interrupting the Lulea route. But the lap of the gods is wide. Much may depend here on the Finnish war.

Iron and Oil

Let us recall that in 1938 the German iron ore production was just over 11 million tons, and at that figure one-third of the consumption. In 1939 the internal production was pretty nearly fifty per cent. of the consumption. About one-quarter of the imports came from France, and another thirty-five per cent. from other countries, most of whom cannot supply Germany at present. The balance came from Sweden. But the iron content of the Swedish ore is considerably higher than that of the other ores; thus Sweden accounted for more than one-half of the iron content of the German ore imports. It is probable that the Swedish supplies have increased since the outbreak of war, firstly because there is enough ore available in Sweden, and secondly because to fetch it is about all the German merchant fleet can do at present.

In spite of the overwhelming importance which iron may acquire in this war, we suggest that, if Germany moves in the region of Holland, this would, apart from all other considerations, mainly be a tactical manoeuvre with the aim of diverting, or attempting to divert, Allied efforts to clamp down on the South-East European oil. There is not much likelihood that the Nazis will succeed in this aim. If, on the other hand, the Allies succeed in cutting off oil for the Nazis, we may not have to worry about their iron at all.



AUBREY CRABTREE, appointed vice-president and general manager of Fraser Companies Limited, Fraser Realities Limited and Restigouche Company Limited. Col. K. S. MacLachlan, who is serving at Ottawa as associate acting deputy minister of national defence, continues as president of these companies but relinquishes the post of general manager.

Is Socialism at the End of the Road?

(Continued from Page 11)

our national income. In spite of its recent excesses, the United States is no more deeply involved in debt or public expenditure than we were just after the last war. It still has time to turn back, and powerful expressions of public opinion indicate that it is seriously thinking of doing so.

U.S. Safeguards

The safeguards to individual liberty in the United States are founded in the constitution itself. Curiously enough, they were not thought of in the original constitution adopted in 1787, which concerned itself almost solely with the establishment of a government. But right away the oversight was noted, and a number of amendments went into force in 1791.

The very first of these declared: "Congress shall make no law respect-

ing an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble and to petition the government for a redress of grievances." Others related to the bearing of arms, the quartering of soldiers, the search of personal property, etc., all tending to protect the individual against undue oppression by the government. Later on there were other amendments of similar tenor, one declaring that no state shall "deprive any person of life, liberty, or property without due process of law, nor deny to any person within its jurisdiction the equal protection of the laws."

This writer is not prepared to argue whether the U.S. constitution gives too much latitude to the gangsters, or whether, on the other hand, the authorities have managed to infringe on liberty in spite of the constitution. The main point is that the document is referred to in every school, analyzed in every university and studied continually by the legislators and the courts, so that every intelligent American must be conscious of his heritage of freedom.

Moreover, the principal wars of the United States, and some of the other great events in its history, have been associated with the cause of freedom. We Britishers have a similar tradition of struggle against oppression, but we never quite got around to putting our individual rights into a written constitution. Perhaps we should have done so.

Constitution a Barrier

Obviously the constitution of the United States would not permit of even an "administrative" dictatorship. Some of the things that are now being done in France, Britain and Canada might be out of the question. In Britain it is the Parliament, and not a written constitution, that is supreme, and the Parliament can pass blanket measures giving the government dictatorial powers. In Canada we have the same thing, subject of course to the B.N.A. Act. We have no constitutional guarantees of personal liberty.

Of course the U.S. system itself is no guarantee against an extra-constitutional government; that is, against

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some group forcibly driving out the Congress, and the president, and the Supreme Court, and declaring itself the new authority. That kind of thing has to be contemplated in these days, because it has taken place in other lands. Perhaps that is why the United States has all at once become frightened concerning the mushroom growth of the central power. It creates too mighty a machine to have in the country at all. For if our whole life becomes dependent upon a single authority, then we must consider what would happen if we lost control over that authority.

A federal system is of itself an important safeguard of liberty, because in addition to any provisions in a written constitution, it sets some limits to the jurisdiction of one kind of government. We have such a division of powers in Canada. At the best, however, it can do no more than impede a socialistic trend. The various governments may work together to take more out of the individual. In a time of emergency, such as a war, the central government may step beyond its usual bounds and trust to patriotism, or chance, to avoid opposition. That is taking place in Canada, under recent war regulations of the Dominion government.

In the long run our best protection against over-centralization in Canada is the French Canadian minority. In the United States they have sectionalism on a somewhat grander scale, for there is New England, the south, the corn belt, and the Pacific coast, each

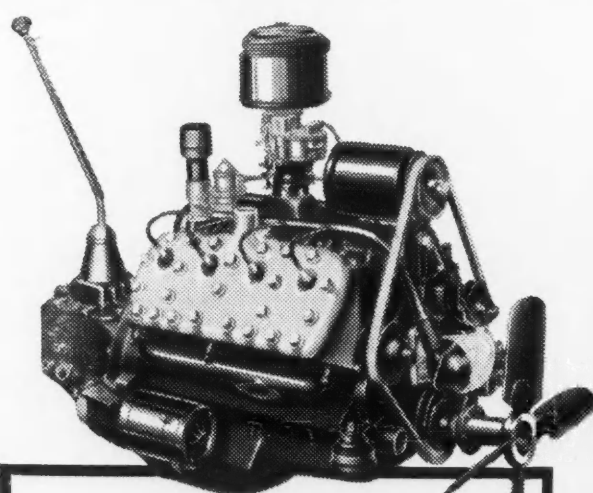
one having the resources and the special interests of a substantial nation. And thus far neither Maine nor Montana has any thought of surrendering entirely to Washington. The United States must remain, for a long time, complex in respect to its politics as well as its economy.

Stronghold of Liberty

That is roughly the stronghold of individualism which we have in America, and under the walls of which Canada, and the republics from Cuba to Argentina, may shelter themselves while awaiting the debacle which must follow the tyranny which has come from the socialisms and the communisms of Europe.

For it is surely impossible that great central powers can go on indefinitely commandeering the lives and the property of their far-flung subjects. Any government which demands 60 per cent, or 50 per cent, or even 40 per cent, of the entire output of its people is a travesty on the very idea of government, and any international strife which induces such policies on the part of the nations concerned is doomed to extinction, however disastrous the outcome may be for those involved.

If this shows us what may come from unlicensed socialism, then it will be an important lesson for all of us in America. And if it turns our thoughts once again towards liberty and opportunity, it may be the basis for a new era of progress.



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Problems of Shipping Worry Britain

BY GILBERT C. LAYTON

Saturday Night's Financial Correspondent in London

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And what about the remuneration to shipowners for requisitioned vessels? Owners say the rates should at least be large enough to provide for proper maintenance. There is also the question of replacement.

Though much has been done to bring shipping into alignment with the national war needs, the government's shipping policy is still only in its rudimentary stage, says Mr. Layton.

THE discussion which has lately centred around British shipping policy is due directly to the shipowners' anxiety regarding the government's remuneration rates. The business community, and those sections of the public who know the results of requisitioning shipping in the last war, are decided that requisitioning is the right policy, though the shipping interests themselves are evidently not yet quite convinced.

It was not until 1917 that British shipping was fully requisitioned in the last war, and the delay is generally recognized to have been a mistake. Hence the comparatively rapid progress which the government has made since September last is a major factor in trading policy. The decision to commandeer as from February 1 all vessels on the United Kingdom and the Colonial registers engaged in deep-sea liner trades followed extensive requisitioning of tramp steamers, covering more than a quarter of the tonnage. Requisitioning continues.

The policy for shipping is still, however, only in its rudimentary stage. It is undoubtedly wise to allow, as the Minister for Shipping has assured the companies that they will be allowed, the full working of the steamship services by the same routine as in peacetime. Bureaucratic interference in business which is adequately performed by private enterprise is certainly to be discouraged. But on the broader plane, where shipping becomes a part of the whole wartime trading policy, the government might well take more forceful action.

Need Co-ordination

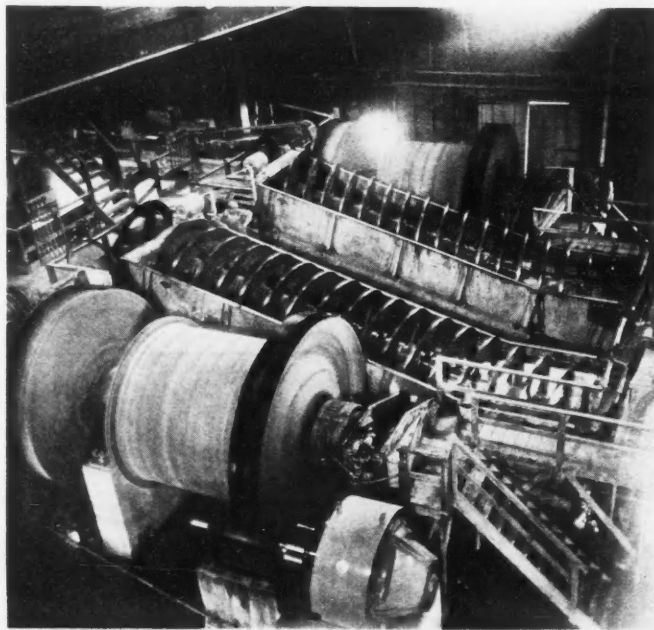
It is difficult to see how this question can be properly grappled with in the absence of that supreme economic co-ordinating department which industrialists and economists have been persistently advocating for months past. A plan for shipbuilding is an essential corollary of a plan for shipping; and, as shipbuilding comes within the general framework of war industry, only a supreme body can allocate the due proportion of the nation's productive resources to this work.

The question is raised to an even higher level when we consider the broad trading policy lately outlined by Mr. Cross, Minister for Economic Warfare. He showed how Britain's great financial superiority over Germany was being put to good purpose in neutral markets by the purchase of raw materials and foodstuffs which Germany would require, irrespective of whether those goods

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commercial operations when the war is over. But shipping is so important in the economic war that even complete nationalization, without guarantee, would be justified, if found to be the most effective means of applying national policy in the sphere of trade.



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TORONTO, CANADA, MARCH 9, 1940

A Doctor To Old Paintings Who Is Also A Detective

BY WESSELY HICKS

AT 13 Montague Place, a blunt little side street in downtown Toronto, lives Frank P. Worrall, who makes a business of restoring old paintings. He calls himself simply a restorer of old paintings and he must be exceptionally able for he was recently made a Fellow of the Royal Society of Arts.

A restorer of paintings, Mr. Worrall will tell you, must be an artist; not only that, he must have a thorough knowledge of, and a wide experience in, technical methods, the medium and practice of the old masters. He must be self-effacing and he must be indefatigable in scientific research. Damp and heat are the arch-enemies of the handiwork of man, and much of the practice in picture restoration does more to aid these twin evils than it does to combat them. And Mr. Worrall should know, for as a restorer of paintings he is easily the best in Canada and ranks with the very best on the continent.

Asked for a typical illustration of how he works, Mr. Worrall, who is short and semi-bald and semi-grey and sandy and forty-nine, recalled a Toronto collector who brought him a canvas a few years ago. The picture had been off its stretcher for 50 or 60 years; it had been rolled the wrong way and the canvas was desiccated with no stretching qualities in it. It was void of all color value; the color had been obliterated by atmospheric dirt which had been ingrained by numerous coats of varnish. You would



Upper Left: "Lights of the City Street", by F. M. Bell-Smith. Dated 1894. This is the restoration made by Frank Worrall. The same picture appears at the Middle Right as it came into Mr. Worrall's studio—after an attempted restoration which left it in this condition. Incidentally, the gentleman in the silk hat who is buying a newspaper is the artist himself.

Upper Right: "Holy Family With The Parrot", by Peter Paul Rubens, from the collection of B. M. Greene, Toronto, as it was restored. At the Middle Left is the same picture as it was discovered. It is a variant on the famous picture which is in the Antwerp Galleries.

Lower Right: A still life by Van Beyeren, the 17th Century Dutch master. Dated 1661. The picture was discovered in Toronto and restored by Frank Worrall to the condition in which it appears at the Lower Left. It was later "knocked down" at Christie's, London, Eng.



never have thought that anything could have been done with it, and you would have thought that it was a pity, for the painting was obviously the work of a very fine artist.

BUT Mr. Worrall restored it. First he inlaid and knit the tears together and held them by adhesives; where the holes were obvious, a portion of canvas had to be inlaid in a manner to correspond with the weave of the original material. Living canvas was then made ready and coated with cement.

After the picture had been applied to the living canvas, it was fed with waxes back and front and a warm iron impregnated the wax through the original canvas. Wax was used because it is one of the most unalterable substances known to the restorer.

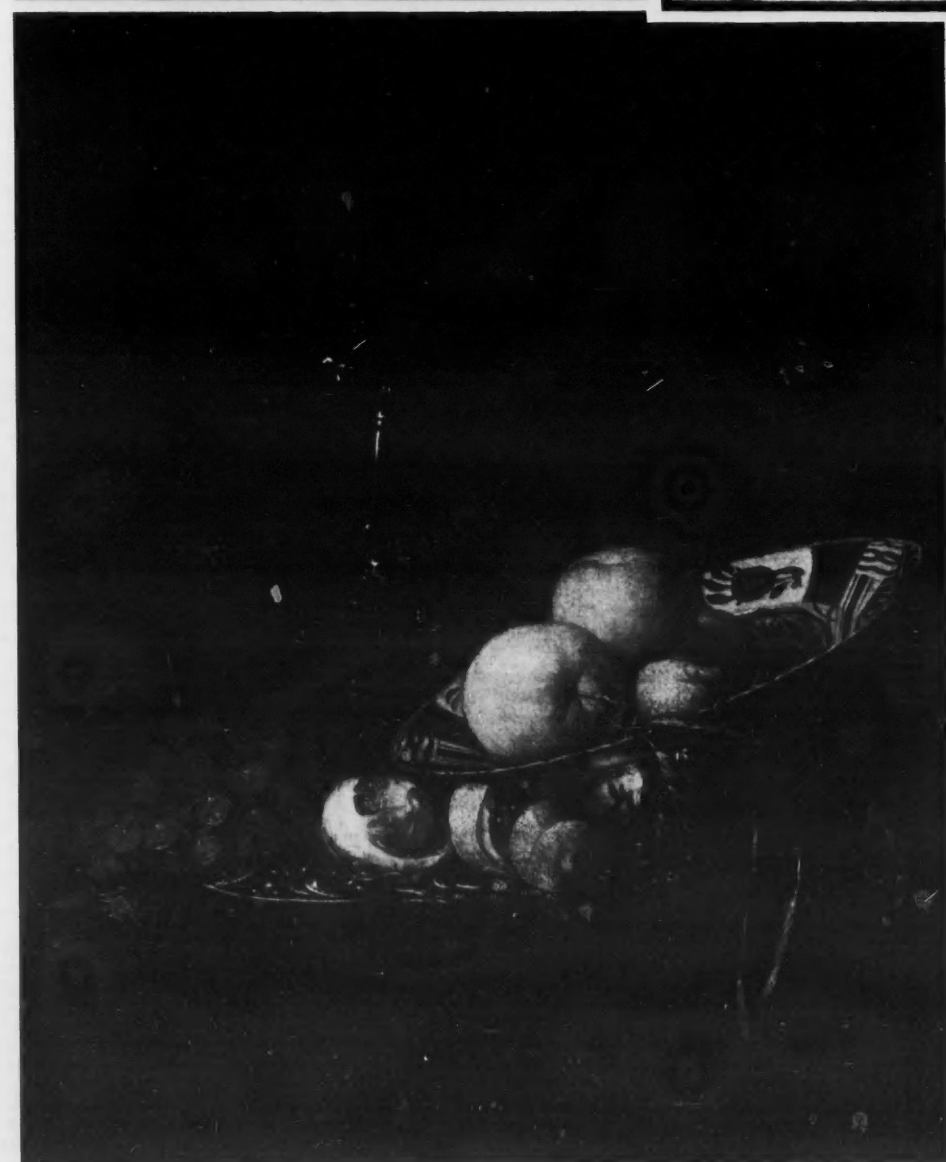


FRANK P. WORRALL

Then the picture was cleaned and it was cleaned with a simple solvent of the requisite strength. After the cleaning the color values were brought out by the saturation of the balsams and oils which were really lost through time and atmospheric conditions. This process has a most noticeable effect on the "earth" colors which were used in the 17th century and which contain more oils than other paints; with proper "feeding," earth colors are practically restored.

Oil was fed to the picture until the saturation point was reached; until the restorer was satisfied that the original colors had been replaced. When this was completed, the painting was superficially dried off; when

(Continued on Page 24)



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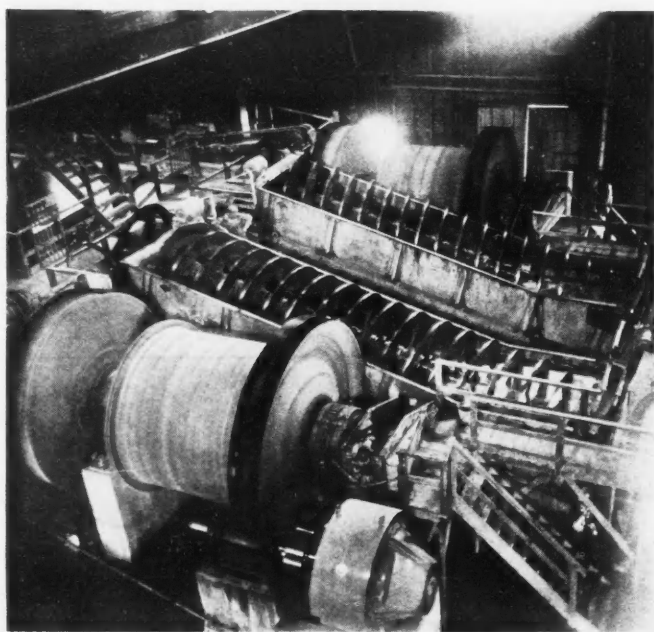
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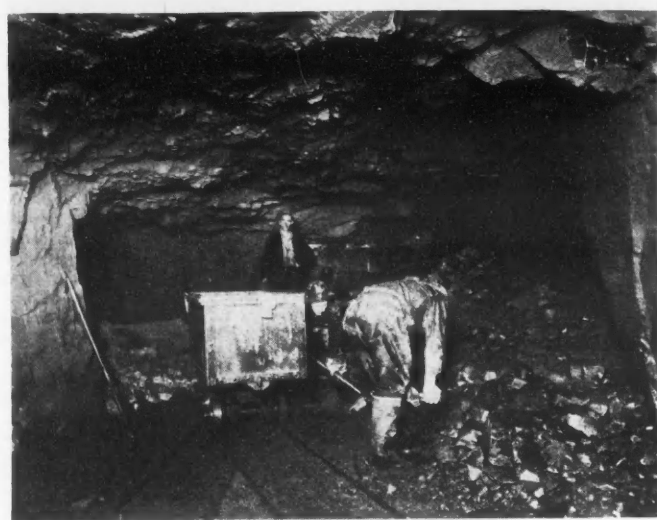


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TORONTO, CANADA, MARCH 9, 1940

A Doctor To Old Paintings Who Is Also A Detective

BY WESSELY HICKS

AT 13 Montague Place, a blunt little side street in downtown Toronto, lives Frank P. Worrall, who makes a business of restoring old paintings. He calls himself simply a restorer of old paintings and he must be exceptionally able for he was recently made a Fellow of the Royal Society of Arts.

A restorer of paintings, Mr. Worrall will tell you, must be an artist; not only that, he must have a thorough knowledge of, and a wide experience in, technical methods, the medium and practice of the old masters. He must be self-effacing and he must be indefatigable in scientific research. Damp and heat are the arch-enemies of the handiwork of man, and much of the practice in picture restoration does more to aid these twin evils than it does to combat them. And Mr. Worrall should know, for as a restorer of paintings he is easily the best in Canada and ranks with the very best on the continent.

Asked for a typical illustration of how he works, Mr. Worrall, who is short and semi-bald and semi-grey and sandy and forty-nine, recalled a Toronto collector who brought him a canvas a few years ago. The picture had been off its stretcher for 50 or 60 years; it had been rolled the wrong way and the canvas was desiccated with no stretching qualities in it. It was void of all color value; the color had been obliterated by atmospheric dirt which had been ingrained by numerous coats of varnish. You would

Upper Left: "Lights of the City Street", by F. M. Bell-Smith. Dated 1894. This is the restoration made by Frank Worrall. The same picture appears at the Middle Right as it came into Mr. Worrall's studio—after an attempted restoration which left it in this condition. Incidentally, the gentleman in the silk hat who is buying a newspaper is the artist himself.

Upper Right: "Holy Family With The Parrot", by Peter Paul Rubens, from the collection of B. M. Greene, Toronto, as it was restored. At the Middle Left is the same picture as it was discovered. It is a variant on the famous picture which is in the Antwerp Galleries.

Lower Right: A still life by Van Beyeren, the 17th Century Dutch master. Dated 1661. The picture was discovered in Toronto and restored by Frank Worrall to the condition in which it appears at the Lower Left. It was later "knocked down" at Christie's, London, Eng.

never have thought that anything could have been done with it, and you would have thought that it was a pity, for the painting was obviously the work of a very fine artist.

BUT Mr. Worrall restored it. First he inlaid and knit the tears together and held them by adhesives; where the holes were obvious, a portion of canvas had to be inlaid in a manner to correspond with the weave of the original material. Living canvas was then made ready and coated with cement.

After the picture had been applied to the living canvas, it was fed with waxes back and front and a warm iron impregnated the wax through the original canvas. Wax was used because it is one of the most unalterable substances known to the restorer.

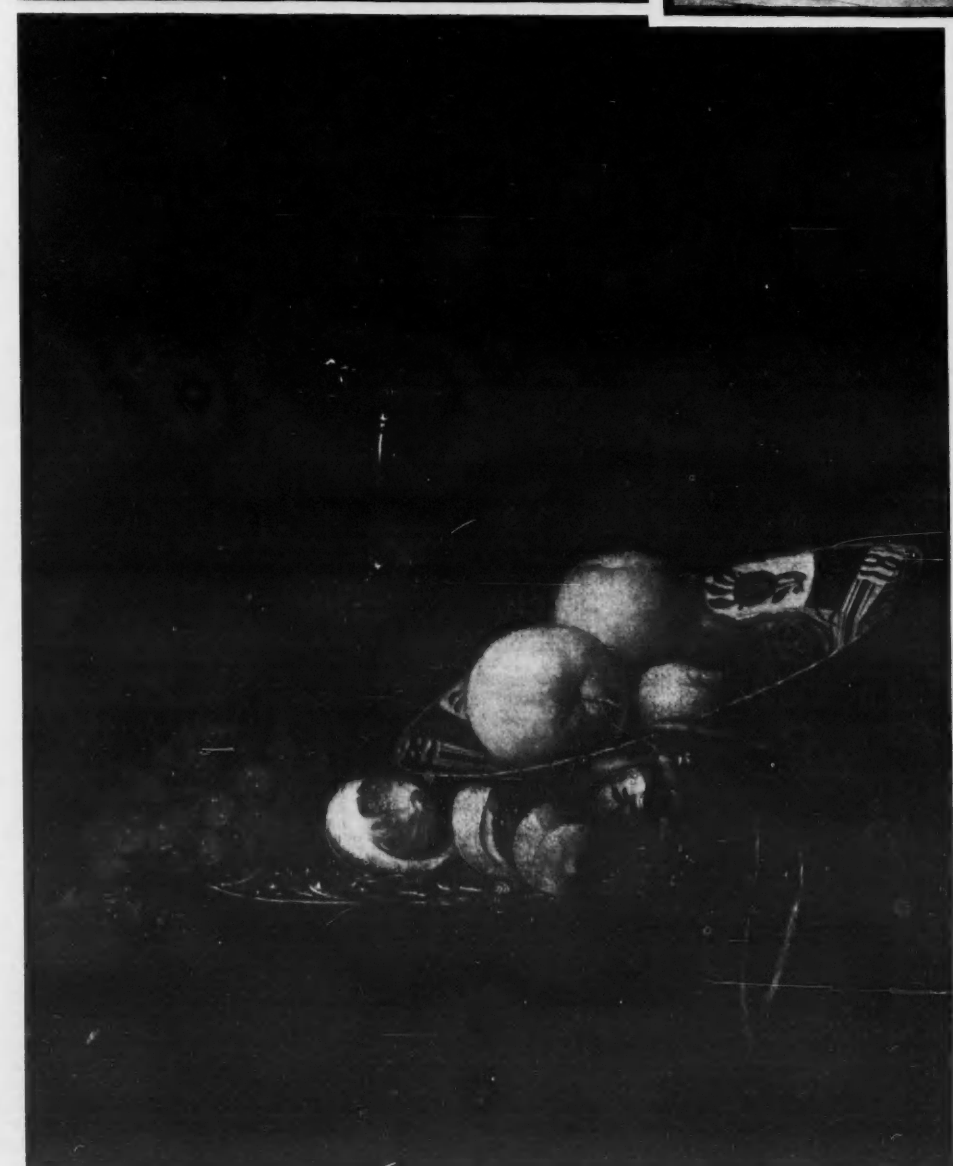


FRANK P. WORRALL

Then the picture was cleaned and it was cleaned with a simple solvent of the requisite strength. After the cleaning the color values were brought out by the saturation of the balsams and oils which were really lost through time and atmospheric conditions. This process has a most noticeable effect on the "earth" colors which were used in the 17th century and which contain more oils than other paints; with proper "feeding," earth colors are practically restored.

Oil was fed to the picture until the saturation point was reached; until the restorer was satisfied that the original colors had been replaced. When this was completed, the painting was superficially dried off; when

(Continued on Page 24)



MUSICAL EVENTS

Ruskinism in Music Criticism

BY HECTOR CHARLESWORTH

QUITE recently in perusing Arthur Christopher Benson's "Ruskin: A Study in Personality" I found a surmise as to the course Ruskin would have pursued had he chosen to write of music instead of painting. It will be recalled that Ruskin, a literary genius, reared in an atmosphere of extreme Puritanism, began his career with a large opus, "Modern Painters," which many have heard of and nobody reads, and made it a vehicle of many wrong-headed ideas, beautifully expressed. He chose to write of painters because he was in the way of being a competent minor artist himself. Obsessed with certain rigid ethical conceptions, he assumed that any painter he admired must be inspired by a personal moral grandeur; and that evil lurked behind the painting of any man whose pictures he did not admire. At that time he knew all about the great landscape genius Turner, and nothing of the Renaissance painters of Italy; but as a vitriolic Protestant, he assumed that their art must be rotten at the core. It was a shock to him when he later discovered that Tintoretto, Veronese and Botticelli were really great painters. It was a further shock when he discovered that the life of his idol, Turner, was not precisely that of some of the saintly preachers his

mother admired. But he still stuck to his theory of the relationship between ethics and art.

Mr. Benson indulges in the following reflections on the kind of music critic the younger Ruskin would have been: "If he had been a musician he would have attacked the problem in precisely the same way, only with a different terminology. We may be sure that in music he would have had some three or four supreme favorites; he would have swept the rest aside with one impartial gesture. He would have asserted with impassioned rhetoric that the inspiring musician was also the virtuous man. If the facts had been against him, he would have maintained that the great musician, though disfigured by glaring faults, had still some inner righteousness of soul, while he would have blackened the record of musicians whose music he believed to be on the wrong lines!"

Shaw on Brahms

Mr. Benson goes on to explain that this kind of criticism by a writer of great gifts may be helpful in revealing the special merits of the artists he admires, but is hopeless as a guide to the principles of art, because the critic can only eulogize or vilify. The other night on reading a short but illuminative essay on Brahms' Third Symphony by Ettore Mazzoleni on a program of the Toronto Symphony Orchestra it struck me that Ruskinism was rife in much of the musical criticism of the nineteenth century. It was flagrant in the literature of the Wagner-Brahms controversy in the 'seventies and 'eighties. In his youth George Bernard Shaw was what he termed a "perfect Wagnerite," and at that time, when the beautiful Third Symphony of Brahms was less than ten years old, he wrote, "The spectacle of the British public listening with its in-churchiest expression to one of the long and heavy fantasias which he calls his symphonies always reminds me of the yokel in 'As You Like It' quailing before the big words of the fool. Strip off the euphuism from these symphonies, and you will find a string of incomplete dance and ballad tunes, following one another with no more organic coherence than the succession of passing images reflected in a shop window in Piccadilly during any twenty minutes in the day."

Of course there were writers who wrote as fanatically on the opposite side; the philosopher Nietzsche, for instance, who in his essay "Wagner contra Wagner" argued that the composer of "Carmen" was a greater genius than the composer of "Tristan and Isolde." It is perhaps as well that musicians do not pay much attention to what literary geniuses write about music. The best of them at that time paid no attention to the Wagner-Brahms controversy. The two most eminent conductors who took up Brahms' Third Symphony were Hans Richter and Hans von Bulow, both close personal friends of Wagner, and conductors of his music.

Possibly because in the twentieth century we have no composers so great as to arouse an emotional furore, the frantic controversies which marked the careers of so many immortals of the two previous centuries have disappeared altogether. Today (through radio) millions of people are familiar with the higher forms of music, as compared with thousands in the past; but it is doubtful if this vast public could be roused to more than passing interest in controversies as to the relative merits of this or that composer. The wider the contrast between composers the better they seem to like it.



IN GILBERT & SULLIVAN OPERA. The Eaton Operatic Society is presenting "The Mikado" at the Eaton Auditorium March 13-15-16. Above, Arthur Harvey as Nanki-Poo, Minnie Sennett as Yum-Yum, and Charles Jolliffe as Ko-Ko.

listeners, and was heard during her last visit to Canada in 1938. The name Valdez is a stage one, for though she boasts some Spanish blood her father was Scottish and her mother Irish. She has sung not only for BBC, but for the Elre Broadcasting system at Dublin.

The Conservatory String Quartet gave a most interesting chamber concert recently. A feature was the Beethoven Trio, opus 97, played by Margaret Miller Brown, a very able pianist, with Elie Spivak, violin, and Leo Smith, cello. The intimate beauties of the work were rendered with charm and authority. The full organization was heard in Mozart's Quartet in B flat and the Mendelssohn Quartet, opus 12. The latter is more profoundly emotional than some of the composer's works; and the Mozart work is always sparkling and captivating. Both were played with beauty of tone and exquisite attention to detail and response.

Brahms' seldom-heard Sextet in G major, believed to commemorate his love for Agathe von Siebold, was broadcast from Winnipeg the other night. It is skilful and appealing, and the ordinary quartet form is extended by doubling viola and cello. The six musicians heard were Josef Sera and Richard Seaborn, violins, Michael Barton and Harold Carter, violas, Isaac Mamott and Irvin Plumm, cellos.

New Orchestra Works

W. M. Miles, first cellist of the Vancouver Symphony Orchestra, recently completed two original works for orchestra, Threnody and Dance, performed on Jack Avison's broadcast from that centre. Mr. Miles is already well known as a skilled arranger. On the same program a widely known pianist of Western Canada, Barbara Custance, played the first movement of the Saint-Saens Concerto.

Two of the foremost of Pacific Coast musicians, Arthur Benjamin, pianist, and Jean de Rimanoecy, violinist, were heard on March 4 in a program entirely devoted to the works of the 18th-century violinist and composer, Arcangelo Corelli.

The monthly program of the Halifax Concert Orchestra under Ifan Williams is now being heard not only over the C.B.C. network but over the Columbia Broadcasting System in the U.S.A.

Chester Duncan, a young Winnipeg pianist and composer, was recently heard in a recital broadcast and played several compositions of his own including a descriptive study "Eight and Fair."

The admirable baritone, Frederick Newnham of London, Ont., was recently heard over the air in a recital with Leo Barkin at the piano. A group of Kennedy Fraser's Hebridean Songs was heard as well as "Yarmouth Fair" (Warlock) and "The Cloths of Heaven" (Dunhill). Mr. Newnham's diction and intonation are of a most distinguished order.

Reah Sadowski, born in Winnipeg of Russian parents, who spent several

seasons as a concert pianist in England, is now living in California, and has been making considerable progress as a composer. Two of her works, "Cadiz," a gay orchestral composition, and a song "Lullaby of Dreams," were recently featured on Samuel Hershenson's broadcast, "Canadian Snapshots."

Mary Gussin, a young Winnipeg violinist, of excellent quality and facility, recently distinguished herself by a rendering of the Vivaldi Concerto in A major in James Robertson's "Miniature Musicale" program. The same program contained two unacknowledged orchestral works, Overture to Handel's "Solomon" and the Capriol Suite of Peter Warlock. The guest artist on the same broadcast a week previous was the gifted pianist, Marjorie Dillabough, who had been absent in London for some years.

At Montreal this week a recital of French and Russian songs is being given by the gifted Russian soprano, Maria Marova, with Bernard Naylor at the piano. The same artists recently won much applause at Winnipeg.

Margaret Parsons, one of the most musical and appealing of Canadian pianists, opened a series of Tuesday afternoon piano recitals at CBL, Toronto, last week. The series was continued this week by Virginia Knott, who has returned to Canada after winning widespread recognition as a pianist over B.C.C.

The guest soloist of the C.B.C. String Orchestra on March 3 was Robert Nicholson, an American baritone, who made a fine impression at a Promenade concert in Toronto last summer. He sang the sprightly serenade from Mozart's "Don Juan," and two interesting old ballads, "Isobel" and "Trade Winds."

COMING EVENTS

NOTHING, it seems, can evoke such a blizzard of generalities, speculation, prophetic utterances, forecasts and misinformation, as a war, for a situation is created where the facts scarcely ever catch up with any one.

Even in the world of the theatre, which might reasonably be supposed to be sufficiently far removed from the smoke of battle to be immune to its contagious ills, minor prophets arise to take advantage of the opportunity for easy and irrefutable generalities to which they may point with pride or conveniently forget when the ultimate dust has settled.

On one thing, however, there is a consensus of opinion in regard to the drama and the war: the war is bound to produce on the English-speaking stage of London and New York a whirlwind of frivolity. Revues, musical comedies, farces and bedroom charades are in the sure and inevitable ascendancy.

People do not want serious plays; they don't want to have to think; what they want is the quiescence of escapism as embodied in frivolity. Nothing else will do. At London's St. James' Theatre, however, there is a



HERE IN MURDER-MYSTERY PLAY. Left, Flora Robson, and right, Estelle Winwood, in "Ladies in Retirement," coming to the Royal Alexandra Theatre, Toronto, next week.



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A MELODRAMA
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Canterbury Pilgrims

The chief choral event in Winnipeg this season is Dr. George Dyson's setting of the Prologue to Chaucer's "Canterbury Tales." On March 6 it was sung in the Civic Auditorium with the combined Winnipeg Philharmonic Choir and Male Voice Choir, numbering 180 voices, and a large orchestra. It was first done in Toronto several years ago by Sir Ernest MacMillan with the Conservatory Choir, and later at Vancouver. The Winnipeg presentation was under the direction of James Robertson, who was sent to Winnipeg a few months ago by Dr. Dyson, now head of the Royal College of Music. As a boy of sixteen Mr. Robertson, then a student at Winchester School, was present at the premiere of the work which took place in that ancient city in 1930. Stuart Wilson, the English tenor who sang the Knight in that production, is now associated with the Curtis Institute, Philadelphia, and sang his original role at Winnipeg this week. Other soloists were Constance Stefnik, soprano, Stanley Hohan, singing the Monk and the Sergeant at Law, and Olga Irwin, as the Wife of Bath. Some days previously Mr. Robertson gave the public a foretaste by a broadcasting of some of the solos. Half an hour of the public performance on March 6 was heard over the national network. The music is robust and colorful, and while Chaucer's mediaeval text has been modernized, much of its jocund quality has been retained.

Rona Valdez, formerly a well-known singer in Britain and Europe, is now in Montreal, and was recently heard in a national broadcast. She is not entirely a stranger to Canadian

play which is proving an exception. It is "Ladies in Retirement," a mystery-thriller by Reginald Denham and Edward Percy which has been playing to capacity houses since the end of November and which has been imported by Gilbert Miller and will be seen at the Royal Alexandra Theatre during the week commencing March 11th prior to its New York opening.

"Escapism doesn't necessarily imply wholesale frivolity," says Reginald Denham co-author and director of "Ladies in Retirement," "and it's been my own happy experience during two major conflicts that relief from the grief and tension of war time can be achieved just as effectively by going to a well written and well acted play as by flinging oneself headlong into a Gaiety chorus routine.

"Our play, whose American company will be headed by Flora Robson, who was lately visible on the screen in 'We Are Not Alone' and 'Wuthering Heights,' has only seven people in the cast and is a psychological study of crime, but written in a serious

vein rather than in the 'shocker' spirit. It's a thriller, in the more knowing and sophisticated meaning of the word.

"I'm really, in a way, sorry to find anything of mine running so contrary to the general run of authoritative forecasts and expectations, but English playgoers really seem to like the show and find it in all the escape from reality they are supposed to encounter in revues and farces."

Mr. Denham who is at once a professional actor, theatrical director and playwright is no stranger to this continent. He was last here five years ago in a directorial capacity with "Jew Suss," and before that, in 1929, he directed "Rope's End," a Shubert production. Starting his professional career with Benson's celebrated Shakespearean Company before the war of 1914-1918, he has directed no fewer than eighty-six plays between the Armistice and the present time including "The Czarina," "Rope," "After Dark," "The Moon and Sixpence," "Topaze," "To What Red Hell" and "Such Men Are Dangerous."

FILM PARADE

The Joads on the Screen

BY MARY LOWREY ROSS

IF CRAFTSMANSHIP, intelligence and a passionate humanitarianism can make a great picture, then "The Grapes of Wrath" is certainly one of the greatest the screen has ever given us. Strictly as narrative it does not measure up to "The Informer." But in some respects it is an even finer achievement for Director John Ford. For in "The Informer" he had a pattern ready made for the screen, the fundamental, almost obligatory design of the Chase Sequence; flight, pursuit and capture, with every element in the story rising to an inevitable

shattering climax. There is no such structure in "The Grapes of Wrath." The story itself with its stretch of long journey and level misery is almost as sprawling as the Joad itinerary across America. It is an epic of hunger on the march, with everything so stacked against the unhappy Joads that even the element of conflict is subdued. The struggle is all one-sided. The Joads are damned from the start by poverty, failure, Acts of God, and the brutal inhumanity of their fellow creatures. John Ford has done here what John

Steinbeck did in the novel. He has substituted a constant intensity and compassion for the formal elements of conflict and climax. He has given us, at every moment, eyes to see the hapless Joads in all their misery and deprivation and stubborn human dignity. "They ain't human those Okies," a garage attendant remarks as the Joad jalopy starts on its long trek across the desert. The film, like the novel, is a protest, deeply felt and sadly ironical against an attitude as commonplace as it is brutal.

IN SPITE of the vast popularity of the novel, the screening of "The Grapes of Wrath" was one of the riskiest ventures ever undertaken by Hollywood. Its people were poor and desperate, their plight was, and still is, a matter of vast public indifference, there was no precedent on the screen for its savage candor, and no way of modifying either its fact or its point of view. Literally, it had to be good. It had to be so good that sheer reality would make up for the loss of all the familiar comforting illusions of the screen.

The first necessity was that the casting should be flawless; and it is. Jane Darvell is Ma Joad, the central character who more than any other holds the narrative together is almost miraculously good. Bewildered and homeless "with nothing to hold on to" she conveys from first to last a sense of unconquerable inner strength. Henry Fonda's Tom Joad, though little more than a larger figure among many, is always convincing and right. And the rest, down to the nameless extras who appear momentarily in the tar-paper camps along the route, are all as authentic as though Director Ford had made the march himself, picking his characters as he found them.

For the grandiose effects that the screen demands Director Ford has de-

pended simply on the vast American landscape through which the Joad jalopy passes, and on the huge empty loneliness of the country-side at night. For drama he gives us over and over again the faces of people confronted by want, insult, starvation and death. The picture admittedly suffers from these things. There is variety of incident but little change in mood or pace. The very restraint of the narrative would make for monotony if Director Ford's understanding of his people and their emotions didn't penetrate so deeply that the implications at times have the effect of revelation—as in Ma Joad's silent discarding of her keepsakes before she starts on the long journey; or in that wonderfully handled sequence when Pa Joad stops at a roadside restaurant to buy his family part of a loaf of bread.

Censorship has taken a hand with "The Grapes of Wrath" and for once it has justified its uses. It has brought John Steinbeck's more violent over-emphases back into normal human focus. It has allowed the story and its people to supply their own commentary without benefit of editorializing. And it has substituted Ma Joad's face and final words: "We're the people. Can't nobody wipe us out. Can't nobody lick us. We're the people," for Steinbeck's fantastic shock ending.

It is possible that "The Grapes of Wrath" may not go down in the final records as, artistically, a great picture. It defies every unity of time, place and action. In retrospect it stretches out as a long series of episodes with little more than the dominating figure of Ma Joad to give it coherence as a story. But the episodes themselves are so consummate in craftsmanship and so illuminated by understanding that they will remain in most people's memories long after better stories are forgotten.

THE THEATRE

Hamlet Becomes Intelligible

BY LUCY VAN GOGH

PRECISELY why Shakespeare wrote "Hamlet" to run for over three hours and a half of acting time is not known. No other play of the period runs to such a length. It is not a case of a printed text combining elements of two versions, each of them somewhat shorter; for there is nothing in the text which is not essential to a proper understanding of the entire action, with the exception of a passage which is obviously a criticism of the state of the theatre in the time of Shakespeare, and which occupies only three or four minutes. Cut to the two hours and a quarter which is all that is left of the ordinary theatrical evening when the ordinary stage waits are allowed for, a great deal of the play becomes entirely incomprehensible, and the motivation is thoroughly obscure.

It is only with an audience accustomed to such mutilation that there could possibly be any discussion, as there was for a generation around the turn of the century, as to whether "Hamlet" is really mad. Nothing could be clearer from a complete performance than that he is of an appallingly lucid sanity. Mr. Maurice Evans, whose diction is one of the chief delights of the modern stage, makes no mystery at all about him, unless it be the mystery why a young man so vigorous and direct should be swayed from his purpose by considerations so subtle. He delivers the lines for all they are worth, and leaves them to speak for themselves; and if there are times in the middle of the play when he seems "sicklied o'er by the pale cast of thought," he makes up for that by being magnificently effective at the beginning, in the tremendous scene with "Hamlet's" mother, and in the duel at the close, in all of which "Hamlet" is the man of action, unrestrained by his intellect.

THE conception of "Hamlet" which commends itself to a generation greatly weaned away from the "star" performances of an Irving and a Forbes-Robertson is the conception voiced by Professor G. S. Gordon, quoted at considerable length in the New Temple edition of the play, and entirely contradictory to the nineteenth century conception, which was based upon Coleridge. Coleridge held the central thing in "Hamlet" to be a problem of conduct: the question how "Hamlet" should behave in certain circumstances. "This is a false opinion which time will destroy. What we see in 'Hamlet' is not a moral problem but a tragic situation; not a problem of fate; not a problem of conduct, but the agonies of a soul." As a matter of fact even the agonies of a soul are not the whole of the central thing in "Hamlet"; the process of fate set in motion by the crime of "Claudius" and the "Queen" reaches far beyond "Hamlet" himself, and brings about the tragic death of "Polonius" and "Ophelia" and a general deterioration in the court of Denmark, which is only arrested by the accumulation of other tragic deaths in the last act.

The performance in full, as compared with the mutilated versions to which we are accustomed, increases immensely the importance of the "King" and "Queen" and several other characters who come within range of the operations of fate, and diminishes to some extent the concentrated attention that we used to bestow upon

"Hamlet" and occasionally also upon a stellar "Ophelia." It requires to be played, and is played, in a very robust, emphatic and mouth-filling manner. That, so performed, the piece has power to keep a 1940 audience leaning forward in its seats with excitement is being amply demonstrated at the Royal Alexandra this week when scarcely a single one of the twenty scenes of the play has failed to draw a loud responsive tribute of applause.

ALL the leading players except for "Ophelia," "Polonius" and the "Gravedigger" are the same as in the New York production, and the last as doubled with the part of the "Player King" by Rhys Williams gave us no reason to regret the absence of the veteran Whitford Kane. Henry Edwards as the "King" was immensely effective in the public scenes and in the cunning conspiracy with "Laertes," but fell curiously short of tragedy in the great scene in his own chamber. Mady Christians as the "Queen" was excellent in the public scenes and in the latter part of the scene with "Hamlet" in the Queen's chamber. Raymond Johnson made "Polonius" amusing without loss of dignity. The performance

MEOW!

SHE'S everything I'd like to be
Her home is run efficiently

She's charming, capable and neat
The soul of tact, serenely sweet

She seems a veritable whiz
Of proficiency; in fact she is

So nearly perfect that I'm glad
At least that her complexion's bad!

MAY RICHSTONE.

owed a great deal to the nobility imparted to it at the very beginning by Donald Randolph as "Horatio," and his teamwork with "Hamlet" at the end was excellent; here is an actor of true princely quality.

This production, which incidentally is very richly staged without causing the slightest delay in the action, proves as no previous production within my memory has done that Elizabethan poetry can be declaimed in the large modern theatre at great speed without a single word being lost to the audience. I was greatly cheered also to note that that audience consisted to a surprisingly large extent of young people, and that they were equally stirred by the beauty of the verse, the vigor of the action, and the sense of fate overhanging the whole.

IN THE preceding week Professor Wilson Knight gave at Hart House a production of that extraordinary and very powerful play, or sketch for a play, "Timon of Athens," which also deals with the degradation of a state from another cause, the excessive devotion of its powerful men to the pursuit of commercial riches. A few years ago this play was considered entirely unactable; but by respect for the verse itself and simplification of the scenery so as to allow speed in performance Mr. Knight made a very interesting and moving thing of it. He was greatly aided by several highly competent players, headed by E. A. Dale, in the roles of Athenian merchants.

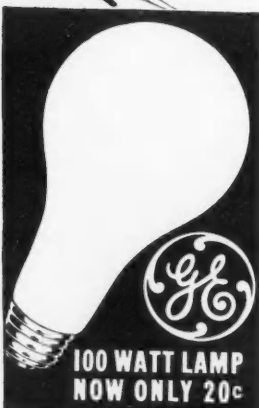
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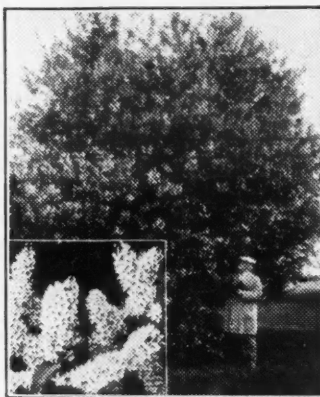
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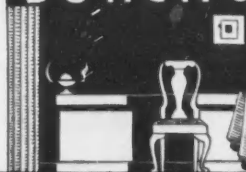
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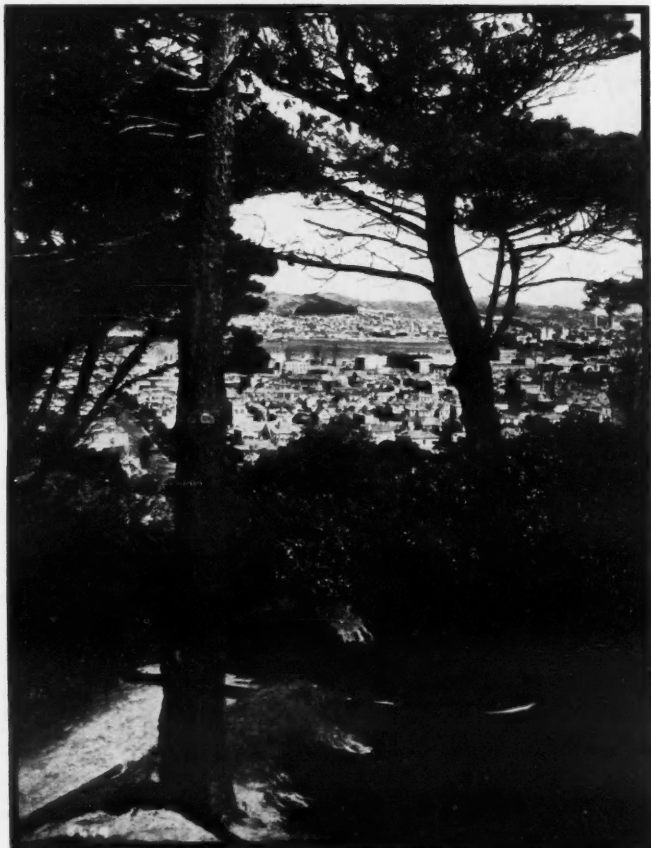


MILFORD SOUND, NEW ZEALAND, WITH LOFTY MITRE PEAK IN CENTRE BACKGROUND.
—New Zealand Trade Commission.

PORTS OF CALL

New Zealand -- The First 100 Years

BY R. M. FIRTH



WELLINGTON, CAPITAL OF NEW ZEALAND. This year New Zealand is celebrating her one hundredth birthday with a Centennial Exhibition portraying her growth. Other Empire countries will be represented by displays.
—New Zealand Trade Commission.



A MAORI GIRL at Rotorua, New Zealand, weaves a flax basket. By the Treaty of Waitangi, which was signed on the beach at Waitangi, in 1840, the equality of the two races in New Zealand, white and Maori, was recognized.
—New Zealand Trade Commission.

IT IS a perfect New Zealand summer morning in February, 1840. The waters of the beautiful Bay of Islands glisten in the sunshine. Since before daybreak there has been activity amongst the hundreds of Maori tribesmen encamped at the mouth of the Waitangi River.

Off shore lies Her Majesty's Ship *Herald* which arrived a week ago bringing to New Zealand an official party led by Captain William Hobson, the first appointee to the position of Governor of the new colony. The day after he arrived, Captain Hobson, after conferring with those British subjects already resident in the vicinity, hoisted the British flag. He read his commission and other formal proclamations and arranged a mass meeting of the natives to consider the ceding of New Zealand by the Maori chieftains to the Queen in return for the establishment of a settled form of government and a guarantee to the natives of the full use and occupation of their lands. The perfect equality of the two races, the Maori and the white, is to be recognized.

The meeting, which took place yesterday, had produced heated arguments, for several chiefs, either because of personal suspicions or because of the influence of parties opposed to the establishment of Sovereignty, expressed themselves in a most hostile manner. However, the outstanding oration of the day was that of Waika Nene, paramount chief of the Ngapuhi tribe and a constant friend of the white man, who had influenced the thoughts of the assembly.

And now, on this following day, word has reached the Governor that the chiefs wish to sign the agreement. And there on the beach at Waitangi, the Treaty ceremony will take place and all 46 chieftains, supported by their individual followers, will come forward and affix their marks to the Treaty of Waitangi. But it will not be until later in the year that the signatures of 512 important chieftains throughout the Islands will be obtained and British Sovereignty over the whole of New Zealand be established.

The hundred years which have followed the signing of the Treaty of Waitangi have been stormy, romantic, heart-breaking, glorious. For some time disputes over native land titles brought inter-tribal warfare and it was not until 1870 that steady development of the country commenced. Then Premier Sir Julius Vogel instituted a policy of borrowing for development works and the history of New Zealand's pastoral and industrial activity had begun.

Richard John Seddon followed John Balance as leader of the Liberal party in 1893 and for the next 10 years the advanced legislation of Seddon and his successor, Sir Joseph Ward, highlighted New Zealand's national policy. Then in 1907 the stature of New Zealand was recognized and she was created a Dominion and took her place in the British Empire.

As more and more of the energies of the young Dominion were poured into winning the Great War, its progress slowed down. Troops sent overseas represented nearly 10 per cent. of the population of New Zealand in 1914 and over 40 per cent. of the male population between 20 and 45.

Again in common with the rest of the world, New Zealand felt the effects of post-war depression and had its problems of depressed markets, unemployment, and decreased wages. From 1924 onwards the country was climbing, only to be plunged again into the depths of the economic depression which enveloped the world in 1930.



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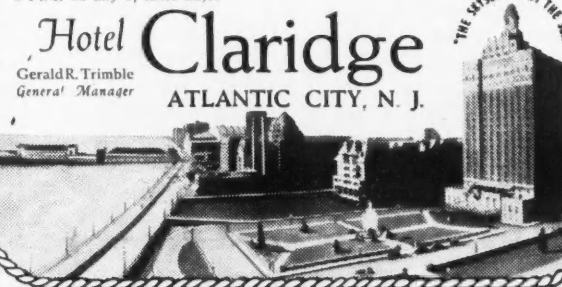
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In 1935 New Zealand's first Labor government was elected, in 1938 was re-elected and during its term of office has given evidence of its advanced social and legislative outlook. The country has progressed and budget surpluses have been the rule rather than the exception. And all this had been achieved at a time when the world was in the shadow of another war.

When war came, New Zealand was ready to shoulder her share of the burden; but she wasn't going to forego the celebration of her one hundredth birthday. So today throughout the country, New Zealanders are paying tribute to the pioneers who established this "Brighter Britain of the South": monuments are unveiled; trees are planted; pageants are enacted; and historical scenes recalled. A great Centennial Exhibition portrays the New Zealand of yesterday and of today; her industrial and commercial progress; her arts and sciences; her educational facilities; her culture and

social reforms; and other Empire countries pay her tribute.

Beside war memorials throughout the country New Zealanders remember and pay homage to those who in South Africa, Gallipoli, and in France, took their places in the front lines of the Empire's struggles. And they turn from their memories to cheer their warriors of today, brown-skinned and white, the "Diggers" of this war. Again it is a perfect New Zealand summer morning and the waters of beautiful Auckland Harbor glisten in the sun. Since nearly dawn thousands of people have lined the beaches and the hills and amongst them are the grandchildren and the great-grandchildren of those native and European leaders who stood on the shore at Waitangi one hundred years ago.

Off shore lies His Majesty's Ship *Achilles*, bearing New Zealand's heroes home from an encounter with the *Graf Spee*.

And the first hundred years have ended.

ABOUT FOOD

Go South, Young Man!

BY JANET MARCH

A FEW of them have come back already. "Did you have a nice time?" we say politely. "Well, it was too hot for more than nine holes of golf" they answer in bored voices, or "The swimming wasn't so good but we lay around a lot in the sun." They look it, too—sunburned and well-groomed and placid from a life of ease. They haven't been getting up every hour in the night to refill the steam kettle for Junior's cough, or going around with adhesive up one leg because of a rush of unwise bravery to the head while ski-ing. Their fur coats have been hanging in cupboards, not being worn down to the hide and ripped at the shoulder.

Perhaps there are a lot of genuine winter lovers around, but if there are I don't meet them and Mr. Ogden Nash expresses the pretty general view of winter in "Jangle Bells": "Man is said to want but little here below."

And I have an idea that what he wants littlest of is snow—

It is like inebriation because it is very pleasing when it is coming but very unpleasing when it is going.

But any further resemblance between the two has escaped this Old Master.

Because certainly everybody would rather be sozzled than snowbound except maybe Mrs. Ella Boole and Lady Astor.

Snow is what you are up to your neck in when people send you postcards from Florida saying they wish you were there, and I wish they might sit on a burr.

Because they don't wish anything of the kind, no they are secretly glad you are not there otherwise they couldn't send the postcard saying they wish you were."

Not only have the Southern song birds been basking on beaches, they have been eating fresh vegetables—they know those things—there are pictures of them on the cans you open each day. Now canned vegetables are a very fine institution, they save your pennies and your time, but like all other good food they sometimes become boring. Then is the moment to prove your cleverness. Mix two cans together, add a sauce, throw in some unusual flavorings.

String Beans With

Most canners cook the beans whole with just the heads and feet nipped off. Yet you always get fresh ones carefully sliced. If you want to try and pass the canned variety off as the fresh you must cut them finely after you take them out, and then perhaps the eye will deceive the taste of the visiting housekeepers. For the sauce take—

- 1 onion
- 1½ tablespoonfuls of butter
- 1 tablespoonful of flour
- 1 cup of milk
- Paprika
- Worcester Sauce
- Salt and pepper

Slice the onion finely and cut up the slices so that the sauce is not full of long strings which are hard to handle. Melt the butter and add the onion and simmer slowly so that the onion does not brown but cooks gently. When it is tender add the flour and then the milk and paprika, salt and pepper. Stir until the sauce thickens and then let it simmer for another ten minutes. At the last moment add the Worcester Sauce and pour over the heated and drained string beans. If you prefer,

strain the sauce and so remove the bits of onion. You can get nearly the same result by opening another can, this time of onion soup, and using a cupful of it undiluted on the beans.

An all-cold Sunday supper is a depressing thing to face in winter, yet two vegetables are rather a nuisance, particularly if you have forged through dinner in the middle of the day with the children. Try solving the problem with this recipe for

Risotto

Peel and slice an onion and fry it in butter. Add half a pound of rice, and more butter if you have to, and let the rice fry, don't let it or the onion stick, so you must keep the heat pretty low, and keep stirring. When the rice has become transparent add slowly a can of tomatoes, juice and all. Go on cooking until the rice has absorbed the juice which it will do easily. When the rice is tender, season well and serve with lots of grated cheese.

There are quite a lot of things which you can do with canned corn. Add a few fresh green peas to a can of creamed corn and you improve both the looks and the taste. A couple of slices of side bacon fried and then chopped up and added to a can of corn are good too. Green pepper has a rather all pervading taste but if you just put in a slice, finely chopped, the result is all right.



MISS AUDREY ELLIOTT who was a member of the committee in charge of arrangements for the Victoria College "at home" held recently in Toronto.

—Photograph by Meyers Studios.

Most families like eating celery raw but when they are confronted with the outside stalks served up as a vegetable in white sauce they look a little sad about it and so does the celery.

Tomatoes and Celery

Take two cups of diced celery and cook them in well-salted water until the pieces are tender. Slice an onion and half a green pepper and fry them in butter until the onion is brown, then add a cup of canned tomatoes and the celery and heat and serve.

Celery and Carrots

Cut up a bunch of carrots in long thin pieces, and do the same with about eight stalks of celery and cook both vegetables in a very little water and a cup of meat stock, canned



NATIVE DIVING BOYS are great believers in the doctrine that the free circulation of money is a great cure-all. Here they are trying to persuade passengers on a liner at Nassau, the Bahamas, to part with a few dimes.

TRAVELERS

consommé, or add a bouillon cube to the water. Cook slowly so that the small amount of liquid does not all boil away, and see if you don't think the flavor is good.

Here we are straying right into the fresh vegetable field, or rather stumbling down the root cellar's steps, so we must get back to our cans again.

Peas

They are one of the things which appear oftenest right out of the can sometimes without even the benefit of the pepper pot. Add a slice of onion chopped—onion is a life saver to canned vegetables—and a spoonful of finely chopped parsley and a little chevreil and let the peas simmer for about fifteen minutes with these additions before serving.

Peas and carrots are so popular together that the canner doesn't leave that to you but does it for you in a can.

Lima Beans

These make a change from the more usual run of canned vegetables and the next time you use them, sauté a half cupful of mushrooms, season them well and stir them into the lima beans just before you serve them.

The tomato is really the queen of all the things kept for us from summer's distant days. You just can't beat it. When you tire of it in the ordinary way, add mushrooms sautéed to it, stir in a little curry powder and some onion, or do it in the oven like this. Empty the can of tomatoes in a buttered baking dish, thicken it with fine bread crumbs, flavor with a little onion, salt, pepper and a teaspoonful of sugar, cover with a thick layer of grated cheese and brown in the oven.



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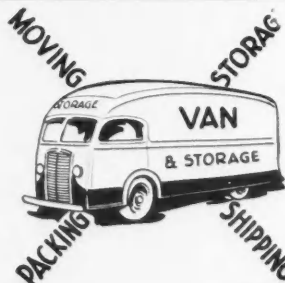
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WORLD of WOMEN

A-Foot This Season

BY BERNICE COFFEY

THERE'S something fishy a-foot this season. Instead of ending up at the fish market this spring, the poor little fishie who swam and swam right over the dam will give his skin to become the latest thing in shoes. Lizards, too, will be sacrificed in the cause of the smartly shod foot. Suede and fabrics are elasticized to make shoes which on the first wearing have all the comfort of a pair of old faithfuls. And just to be thoroughly inconsistent, calfskin will go around pretending it is alligator.

Most welcome news of all from the fashion front is that the shoe people have decided to take a firm stand about those open-heel shoes of last summer, and have banished them to the boudoir and beach where they belong. Which means we shall be spared the deplorable sight of feminine heels flipping up and down in their shoes as they tread city sidewalks. Toes too, have gone into lady-like seclusion and when shoes are opened at the front the space is limited to a small peek. All this does not mean though, that feet will be covered up. There are lattice-like

workings of the leather, perforations, open shanks, and all sorts of monkey tricks to reveal the foot without sacrificing the support essential to it if we are not to become a flat-footed race. The admirable wall last has been carried over from the previous season to prevent pressure on toes in walking shoes, and there is a new "sultan" last which gives a snub-nosed look to the shoes—and the illusion of a very small foot inside them. The designers seem to have been concentrating on comfort as well as style this year—probably because they realize that canteen work and committee meetings don't permit much nonsense about the feet.

Returning to the leathers and fabrics of which the shoes are fashioned, patent leather has been elasticized successfully by splitting it very thin then cementing the stuff over elastic. This makes a very flexible shoe that doesn't chip. The alligator skin made out of calf mentioned above, is made by photographing alligator skin then lithographing the photograph onto calfskin. And don't pretend you are any wiser than we were when the process was explained to us. However, it does make a very flexible and durable shoe-covering which is expected to be one of the big successes of this spring, and that is all that needs concern either of us.

And by the way, if you have been hoarding any of those enormous cut-steel or rhinestone buckles that adorned smart pumps we-hate-to-say-how-many-years-ago, this is as good a time as any to put them back into circulation. They, together with all sorts of neat and fancy bows, are back again as eye-catchers.

Never the Twain—

The depth of the gulf between the generations is plumbed, we feel, by the following incident. It was described by an exceedingly attractive young matron in her late twenties.

She is the mother of an eight-year-old son to whom she said jokingly in the course of one of their conversations, "You know, Bill, when I was young I was quite pretty."

"Were you, Mother?" was the naive reply. "And what did you look like?"

Stories in Plates

Few of us realize as we eat from a plate that its shape remains very much the same as those used by our ancestors centuries ago when china was altogether unknown or very rare. Two centuries ago the very posh and very wealthy nobility used gold utensils; the less posh or perhaps less wealthy nobility dined from silver. Middle-class folk used pewter, and the poor man consumed his food from wooden trenchers. In order to render silver strong enough to retain its shape the silversmiths of those days gave plates ornate borders—gadroom, centurion, Marlborough, spiral fluted borders. All of these can be seen in the dinner service of today. The "Queen Charlotte shape," for instance, with its delicate spiral fluting is named thus because Spode copied a china service for her use from the Queen's own silver service. Incidentally, the spiral fluting tells the experts that the Queen's silver service came from France.

The discovery of tea, a hot drink, brought with it a demand for china-ware in England. Members of the nobility imported special services decorated with their coats-of-arms from the Orient, but replacements were not the simple matter they are in the present days of "open stock." Woe betide the careless or unlucky servant who broke a dish, for it might be any time from two to five years before the broken piece could be replaced. In 1799 Josiah Spode perfected the formula for bone china and began to duplicate the Oriental services in vogue. This is why parts of these services still in existence may display different makers' marks. The original service probably came from the Orient, and replacements were made by Spode.

There is a timeless quality to china and its design. The Spode factory at Stoke-on-Trent, England, is still under the management of the family of William Copeland who entered into partnership with Josiah Spode. Certain parts of the process remain a family secret and only two members in each generation possess a key to the color cabinet where colors are mixed. Spode was the first to use the engraving process on china because he shrewdly saw the necessity for continuation of design and many of the original engravings are in use at the factory today. At the factory there is an old pattern book with designs in full color of every pattern ever turned out there. On the page facing each are the minutest details as to firing, how colors are produced, and all the other directions necessary to duplicate any of the designs ever made at the factory. As fashion completes a cycle many of them are revived.

One of those which perhaps may be represented in your own china cabinet, originated in an order from an Indian maharajah who wanted a



The Season's Loveliest Brides

In the quiet and seclusion of the Bride's Counsel salon, brides may choose their wedding gowns, their trousseaux, and their attendants' frocks. The Bride's Counsel will also advise and assist on all points of fashion and good form.

Simpson's

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Can you, with unerring judgment, select the right make-up for every costume?

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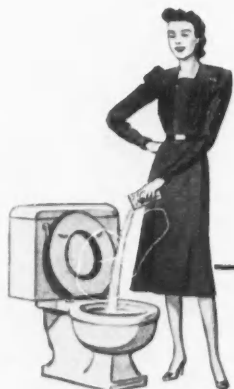
EASY FOR YOU

There is nothing new about Sani-Flush. It has been used for 28 years to do this job. It is still the easiest and best known way to keep toilet bowls sparkling clean and sanitary.

Use Sani-Flush twice a week. Don't scrub or scour. Don't even touch the bowl with your hands! Sani-Flush does the work for you. Rust, stains and incrustations vanish. Sani-Flush even cleans the hidden trap. Cannot injure plumbing connections. (It is also effective for cleaning out automobile radiators.) See directions on can. Sold by grocery, drug, hardware and syndicate stores. 15c and 30c sizes. Made in Canada. Distributed by Harold F. Ritchie & Co., Ltd., Toronto, Ont.

Sani-Flush

CLEANS TOILET BOWLS WITHOUT SCOURING



dessert service set with jewels—real diamonds, rubies, emeralds and sapphires. The jewels were set in an ornate Renaissance design, and the result must have been staggeringly impressive.

About seventy years later the moulds used for the maharajah's eye-filling dessert service were discovered at the factory and, minus the jewels, put to use again. The other day we saw the modern version adorning a modern dinner service. Sans jewels, it forms a delicately embossed pattern with many small round indentations running through the design. In the original service these indications held the jewels of the maharajah. The only color appears in the centre of each plate—a delicately beautiful rose called the Billingsley Rose, after a tramp painter of those days who—always one jump ahead of the gaoler—lightheartedly roamed about Europe and England painting nothing but roses.

Here are some things to remember if you have china which you value highly:

The harder the glaze the less

liable it is to craze. However the best china will lose its highly glossy surface if subjected to intense dry heat. Don't permit the queen of your kitchen to put china you value into the oven for heating purposes. On the other hand, don't make a fetish of excessively hot plates for the cook then has no alternative but to use the oven in which she is also cooking a meal for warming the china.

Washing with soda should as a rule be avoided. Use a mild soap and hot water, particularly when brilliant blues, greens, golds and reds are incorporated in the coloring.

Keep a generous supply of tea towels on hand, and have the dishes dried thoroughly. If moderately hot water is used for washing and rinsing plates, cups and saucers they will dry without difficulty.

Store china in a very dry place. Dampness may cause dark spots which can be removed with difficulty.

A rubber mat at the bottom of the dishpan and another on the drainer will provide insurance against chipping.

Make your own

Vigella

GOLF SKIRT

The British Fashion Fabric that wears and wears
UNSHRINKABLE - WASHABLE - COLORFAST
36 or 54 inches wide. At all leading stores or
write Wm. Hollins, Ltd., 266 King St., Toronto

Choose plates and saucers which nest well into each other, and cups which are not too heavy and have a firm base. Then you are less likely to hear those crashing sounds that tell of disaster in the culinary regions of the house.

"But I Said Waltz"

Because "waltz" sounds like "wasp" over the loudspeaker, the world was treated last year to the interesting spectacle of women trying to take five or six inches off their waists overnight.

It happened when Mainbocher mentioned a new "waltz" waist at one of his Paris openings. "Buzz! Buzz! Buzz!" rose from the fashion writers and reporters present, there was a wild dash for the cable offices and the wires began to sizzle with news of "the wasp waist sponsored by Mainbocher."

Nobody paid much attention to the poor man when he protested that he had said "waltz" waist. His competitors cast dirty looks in his direction for scoring a beat on them. The presses ground out the news of the new waistline. And all over the world women were rushing into stores and stuffing themselves into the new wasp waist corset.

Ho hum. Mainbocher who is an American, recently returned to this continent—and he's still trying to explain to the heedless world that he said "waltz." The man must have a fellow feeling for Donald Duck.

TRAVELERS

Mrs. T. A. Johnston and Miss Grace Winn, of Quebec, have left for Grand View, P.E.I., to be the guests of Mrs. Johnston's brother and sister-in-law, Mr. and Mrs. Harold V. Behm.

Mr. and Mrs. J. W. Spencer of Victoria, who have been travelling in the eastern states and Canada, have returned home.

Mrs. Hume Cronyn of London, Ont., will be present in New York for the opening early in March of "The West Link," a play in which her son, Mr. Hume Cronyn, will play the lead. Later she will go on to California with Mrs. J. B. Reid of Prescott and Toronto.



"PASTORALE," an exquisite springtime evening gown of embroidered white organdie by Bruyère, with inverted ruffles of fine-pleating standing out above a pleated ruffled hem.

WORLD of WOMEN

Complexion Close-Ups

BY ISABEL MORGAN

YOU remember the loveliness of your skin when you were a little girl . . . fragile, fine-grained, radiant—with a pastel softness that was utterly dazzling. You didn't pamper it much because you believed that nothing, neither sun nor wind, soap nor water, could ever ruin it.

But have you taken a good look at yourself lately? If you have, you've probably discovered that the reflection in your mirror isn't the same breathless pink-and-white something which you took so much for granted a few years ago.

It is still a satisfactory face, of course, but isn't there something wrong somewhere? In comparison with the face you once felt would launch a thousand ships, it is slightly out of focus.

Trouble-Makers

For some women blackheads are the root of all ugliness. They mar the texture and tone of the skin, making it look dull and unclean. And the annoying blemishes persist, absolutely refusing to budge without special assistance. These tiny specks on either side of the nose and mouth, on the chin, cheeks and forehead, ruin the appearance of any woman, no matter how perfectly groomed she may be, or how delicate and fine her facial features.

A skin dotted with these com-

more unlovely by the presence of these blemishes, especially those skins that have developed large pores. In such cases it is not only necessary to remove the deposits of grime and prevent them from becoming infected and causing worse blemishes, but care should be taken to firm the skin and reduce the pores.

There is a blackhead treatment on the market which may be used effectively on both dry and oily skins—which is quite unusual. A dry skin is treated in four minutes, a normal skin requires a longer period, and an oily skin is treated for as long as 30 minutes, depending upon the size of the pores and the amount of excessive oil. But the same solution made of powder and liquid is used for all types.

You mix the quantity you need and apply it to the affected area as you would a facial masque. Let it dry and then remove it with the finger tips and a soft, clean cloth. No water is required.

Daily treatments may be necessary for a week or ten days, if the blackheads are stubborn, but once they are removed a weekly treatment is sufficient to keep the skin clear and looking well groomed. As we all lapse in our beauty routine occasionally, it is a grand idea to have such a treatment on hand.



MRS. ROSITA FORBES, famous traveller, who is at present in Canada on a lecture tour. She will speak on "The Forbidden Road—Kabul to Smakand" at the meeting of the Women's Canadian Club in Toronto on Tuesday, March 12.

ates into small particles. Skin troubles mentioned above, almost inevitably follow.

Wonders can be done to correct this type of skin by liquid astringents, which penetrate the pores and remove the excess moisture. They tone up the circulation and help to tone sluggish tissues. Many of these are of a special type and can be used as excellent foundations for make-up.

Of course, these exterior treatments of the complexion should be given the co-operation of a sane, balanced diet that includes plenty of the leafy green vegetables, fruit juices and milk. Add to the prescription sufficient sleep and rest, and you have the makings of a really beautiful complexion.

TRAVELERS

Lieutenant-Colonel and Mrs. Hamilton Irwin, of Montreal, have left for their cottage at Bermuda where they will spend the remainder of the winter.

Major and Mrs. F. M. Benson, of Ottawa, have taken up their residence in Kingston, Ont.

Dr. John S. Bates, formerly of Quebec now residing in London, England, has been the guest of Mr. and Mrs. Ernest E. Ross, later going on to St. John, N.B., to join Mrs. Bates who is staying with relatives there.

Mr. and Mrs. Reginald Edmonds have returned to Toronto from Hollywood, California.

Mrs. Lyman Crawford-Brown, who has been spending some weeks in Florida, has returned to Toronto.

Mr. and Mrs. Freeman Smith have left Ottawa to spend some time in Augusta, Florida.

Mr. and Mrs. Douglas A. Campbell and their daughters, Miss Helen and Miss Dorothea Campbell, have left Toronto for Sea Island, Georgia.

Mr. and Mrs. Archie Seymour have returned to Vancouver after spending a month at Palm Springs, California.

Mr. and Mrs. W. J. Van Dusen have left Vancouver to spend the coming month in California.

Mr. and Mrs. Wilson Southam have returned to Ottawa after spending several weeks in Florida.

Major W. H. Carling, M.C., and Mrs. Carling, of Montreal, have left for Ottawa where they will be in residence for the next four or five months.

Mr. and Mrs. Allen Case have left Toronto for Georgia to visit the latter's brother, Mr. George M. Hendrie.

Mrs. Blair Gordon, of Montreal, has joined her parents, Mr. and Mrs. O. R. McCulloch of Galt, Ont., who have taken a cottage at Sea Island, Georgia, for several weeks. Before going on to Sea Island Mr. and Mrs. McCulloch spent several weeks in Nassau, The Bahamas.



THE LANDING OF THE FIRST CANADIAN CONTINGENT AT ST. NAZAIRE, FRANCE, 1915

Painted by the late Edgar Bundy, A.R.A., for the Canadian War Memorials and Reproduced by Permission of the Board of Trustees of the National Gallery of Canada. The original was hung in the Senate Chamber.



The Black Watch

The Black Watch last year celebrated its 200th anniversary as a regiment. In Canada the event was celebrated by an address in which, at the Canadian allied regiments' annual mess dinner, the Governor-General reviewed the Regiment's glorious past. Since 1739, wherever the flag flies, The Black Watch (Royal Highland Regiment) has added to its laurels by displays of indomitable courage. Among the most cherished of its many traditions is that perpetuated by the famous "red hackle" or vulture plume won for gallantry in recapturing two guns at Gildersleeve on January 4th, 1795.



THE SMOKE OF THE BRITISH EMPIRE

LIKE famous regiments of the line, Wills's Gold Flake have proved their worth from the centre of the Empire to its far-flung outposts. Men of British birth have carried with them to camp, cantonment, colony and dominion their taste for the distinctive flavour and unvarying quality of top grade Virginia leaf.

So, today, free in their choice of cigarettes as in all else, seasoned smokers remain unwavering in their loyalty to Wills's Gold Flake—British through and through!

W.D. & H.O. WILLS

GOLD FLAKE

Plain or Cork Tip CIGARETTES



HATS ON TO SPRING! Spring blossoms are the perfect accompaniment for this spring hat—a toque of coarse white straw with pointed crown and fishtail ends of white grosgrain.

plexion troublemakers is an unclean skin. However, it is true that blackheads form easily in a dry skin if the surface is not kept scrupulously cleansed of all impurities. But, once they form it is almost impossible to get rid of them by ordinary cleansing methods, and they do give a false impression. So, in dry skins, where there is a lack of natural oils exuding through the pores to float out the dust and grime, it is quite necessary to resort to local treatment to clear the skin.

Oily skins, also are often made

Toning Up

Attractiveness is the birthright of all women, but heaven helps those who help themselves by giving their skins exquisite care.

Oily skin is caused by glands that are too active. They bring to the skin surface more moisture than is ordinarily needed.

The first symptom is noticeable when powder will not adhere to the skin and the face takes on a shine after make-up has been applied. Powder and rouge cakes and separ-



THE MORE YOU KNOW
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THE MORE YOU
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VITAMINS Plus . . . the daily vitamin routine that is high in quality . . . high in potency . . . high in the esteem of thoughtful people who have given the subject of vitamins careful attention. VITAMINS Plus contains vitamins A, B, C, D, E, and G . . . Plus liver concentrate and iron . . . and is taken once each day in two tiny capsules . . . Also 2 other sizes—18 days' supply \$1.50 . . . 72 days' supply \$5.00

ALWAYS INSIST ON THE ORIGINAL VITAMINS Plus BECAUSE IT PROVIDES

1. Smaller capsules—easier to take
2. High Potencies
3. High Quality Materials
4. Good Housekeeping Seal of Approval
5. The daily vitamin routine included in the scientific diet of Byrd's Polar expedition

McGILLIVRAY BROTHERS LIMITED
TORONTO, ONT.



MRS. W. R. LANG, at whose Toronto residence took place a party for recent arrivals from Central Europe given by the League of Nations Committee of the Local Council of Women.

—Photograph by Violet Keene.

LE GANT*

STA-UP-TOP*



WONT
ROLL
OVER

"Hello! Corset Department? My daughter says I look much better in my new Sta-Up-Top Le Gant. It does give me a slender waist, and it's so comfortable! Send me another just like it, because I wash my corset often. I'm glad she sent me to you!" Like all Le Gants, a Sta-Up-Top is "the corset that's different" for it has the comfort of elastic with the control of cloth.

At Better Shops
"Sta-Up-Top" and other Le Gants, \$5 to \$35
(A'lure, the s-t-r-e-t-c-h-a-b-l-e bra, \$1.50 to \$4.50)

Parisian Corset Manufacturing Company Limited
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Also makers of
NATURE'S RIVAL

Bra, Girdle and Corsettes
FOR FIGURE BEAUTY AND COMFORT

WONT
RIDE
UP



*Registered

THE BACK PAGE

Route Twenty

BY GRAHAM McINNES

Buffalo.

SIX regular? Okay. Ontario, huh? How's the war comin' along? Guess you're pretty busy up there. . . Yeah, my cousin was over in Hamilton a week or so back; he told me they got barbed wire around all the power plants at Niagara. Guess they gotta be careful alright—you gotta watch them Nazis. You know what? If I didn't have the station to look after I'd be over there myself. Gee, you sure burn the oil, don't ya? Two quarts, I reckon. Ya know what we oughta do? Sell every plane we got to you fellers. You're fightin' for us just the same as if you was patroling the U.S. coast. You bet. . . Sure, I'll take Canadian money. . . have to soak you 15 cents in the dollar, though. Uh? Well, ya gotta live, buddy. . . ya gotta live. . .

Canandaigua, N.Y.

Fill her up, eh? Huh. . . Ontario. They tell me ya got a war on. . . ha, ha, ha. We ain't seen many Canadian autos the last month or two. . . guess the Government wants 'em all for army work eh? No? Well, that's the way they done it when I was over in France. Say, is it true you been havin' blackouts in all the towns? Well, see, I know a guy drives a truck for Kaplansky Lines, an' he told me that town across from Detroit was all blacked out. . . Three in the morning, I guess. . . Maybe so, yeah, maybe. . . Need any oil? Good luck to you fellers, anyway; I'm on your side, ha, ha, ha. Canadian money? Sorry, buddy. . .

Duanesburg, N.Y.

. . . an' I says to this guy, you take your vacation right here in Duanesburg. You can thank God you're a U.S. citizen, I says; an' you stay right in the U.S. an' don't go monkeying around up in Montreal. Like as not they'll confiscate your

auto, an' your money won't be any good. . . What? Is that so? Well your money ain't any good down here. . .

West Becket, Mass.

Ontario, eh? How come they let you fellers down here when there's a war on? . . . No kidding? Guess

OBSERVATIONS

GOLDFISHES go

I think to show
That ignorance is bliss.
They haven't found
The world is round
And round and round like this.

It has a not
Too cheery lot
With nothing left to face.
The Sardine can
Be shelved as an
Uninteresting case.

The Oyster as
I see it has
A right to be a prude.
We should enact
A law in fact
To bar it in the nude.

LIONEL REID.

you're kinda glad to be here, though. . . Your oil's way down. . . Gee, I sure admire you fellers up there; you're doing a great job of work. Must be tough havin' no cigaretties an' coffee, though. . . That a fact? Some guy from the West was through and told me. . . More power to you, anyway. . .

Chelton City, Mass.

. . . it's a good thing for us, too; the big plants around Springfield are sure hummin' these days. . . Yeah, that's what Roosevelt said; I reckon the only way we can keep out is to let him run for a third term. Uh? No, it don't make no difference to me, the politicians are all the same.

Light for the Shades

A JOURNALIST sat in Boston, Mass., and shouted "Stop the war!" It's obvious nobody wants to fight, so what are you fighting for?

A conference, ladies, is all you need. A treaty is all, I think. So get round a table as fast as you're able, and I will pay for the ink."

And the ghost of Washington walked that night
And broke its sword and said "Gad, he's right!
What folly moved me ever to fight?"
Propaganda, no doubt, and spite.
If only I'd signed a treaty instead of fighting the king!
I wouldn't mind whatever I signed. A document's the thing."

A journalist sat in Gettysburg and shouted "War is hell!"
And of every war that I abhor, this is the nonpareil.
Your last war never ended war, which proves this one insane.
If at first you don't succeed, you never must try again."

And the ghost of Lincoln in despair
Muttered "The man has something there.
He's right. No war is worth a hair.
If I were back in the President's chair,
Or ever a Union dollar went or a Union boy lay dead,
I'd say to Lee 'Oh I agree. What is the price you said?'"

—DAVID BROOK.



HEAD CHAPLAIN SERVICES. Left, Honorary Lieut.-Col. Right Reverend C. L. Nelligan, Chief of Roman Catholic Chaplain Service, and right, Honorary Lieut.-Col. Right Reverend G. A. Wells, C.M.G., Chief of Protestant Chaplain Service.

—Photos by Karsh.

Just so people go on burying gas it's okay by me. . . Say, there's a Canadian nickel here!

Boston, Mass.

Yeah, keep goin' right on till you hit the parkway. Oil? Okay. . . Ontario. . . that's in Canada, ain't it? Much of a town? Uh-huh. Toronto; where's that? That so? Yeah, I was all through Canada a couple of years back, but I was never in Toronto. Oh sure, I went all through Shearbrook and Maggog and, er—Shearbrook, all through there. . . Thanks. Yeah, well you keep right on goin' till you hit the parkway. An' hurry and win that war for us buddy. . . we're sure rootin' for ya!

Getting Up

BY GEORGE DUCASSE

AS THIS little world every day gets more confusing and uninhabitable, it becomes harder and harder for people to get up in the morning and face the mess. Especially these cold winter mornings.

One of the most important things in life is getting up in the morning, and getting up properly. As a rule very little study is made of this fundamental problem. In fact to some ignorant people it's no problem at all—they leap violently out of bed and dash under a cold shower; or more philosophically inclined, never get out of bed at all.

A larger portion of the population has to depend on various mechanical incentives such as alarm clocks. To sensitive individuals, however, the barbaric racket of the alarm clock is a shock to the nervous system—they prefer the old-fashioned hourglass because it is more gentle and quiet.

The majority of the human race nevertheless has itself awakened in the morning by persistent strong-willed relatives or friends. It is a very ancient system, and very little improvement has been made on the technique since the Paleolithic Age. It is, in a word, unscientific. It is inefficient. It is also inaccurate—there is, for example, always the possibility of waking up the wrong person. And often a discouraging lack of co-operation is displayed by the sleeper—as illustrated by the following dramatic scene taken from real life:

You: Hey, Joe. Joe! Joe! Oh, Joe!

Joe: Yes?
You: Get up, get up, get up.
Joe: Oh, is that all? (Joe goes back to sleep.)

(Curtain)

IN GETTING my friends up in the morning my chief difficulty is locating the sleeper. Last July I spent a whole week trying to wake up my cousin Eugene. After I had ransacked all the rooms in the house and had systematically explored all the sheets, blankets, covers, mattresses therein, I received a letter informing me that he was visiting his aunt in Saskatchewan.

There are all kinds of traditional methods of awakening sleeping persons. Hardy individuals favor the principle of Awakening by Ordeal, something which has survived from the Inquisition. There are two main kinds of Ordeals—Ordeal by Fire and Ordeal by Water. Ordeal by Fire consists in (1) setting fire to the bed, or (2) saying "FIRE!" in a rather loud tone. The disadvantages of Ordeal by Fire are as follows: (1) You may accidentally set fire to the occupant of the bed, as well as to the bed itself; (2) You may accidentally awaken the Fire Department.

Ordeal by Water consists in pouring water on the sleeping party, or (2) dipping the latter into the former. This is a highly entertaining stunt, always good for a laugh—or a murder.

OLD PAINTINGS

(Continued from Page 17)

It was totally dry, the final coat of varnish was applied to the surface. To the back of the picture were applied two coats of red lead ground in oil. The painting is now preserved hermetically between two coverings which prolong its life for centuries.

SOMETIMES discolored oil varnish is removed with a special knife which looks very much like the cuticle knife used by a manicurist. This method of cleaning is called the Florentine method.

Use of the knife is the only possible way to remove rock-hard Copal varnish; or to restore a painting done in *tempera*. Back in the 15th century, when oils were unknown, the yolk of an egg was used to bind pigments. Paintings done by this method are paintings in *tempera*.

"Snakecharmers" in
PEACOCK SHOES

PYTHON IS IN THE PICTURE for Spring . . . springing into the shoe realm, bringing into the shoe story, new life, new chic. These Peacock shoes do a heel and toe reptilian rhythm. . . The one above—in black gabardine with Python knotted vamp. Sizes in Patent with Python 4 1/2 to 8. Widths AAA to B. Exclusive with Eaton's. . . Pair 12.50

SECOND FLOOR—QUEEN ST.

T. EATON CO. LIMITED

Fakes? Of course there are fakes. Mr. Worrall will tell you, blinking with blue-eyed owliness through his spectacles.

Four or five years ago, Mr. Worrall was called to a Toronto hotel to give an estimate on a Dutch 17th century portrait which had been certified as genuine by prominent artists. He took the picture to his studio where the simple application of solvents proved it to be a worthless print.

Mr. Worrall got in touch with the collector to whom the picture was to be sold and exposed it for what it was—a fake. The collector thanked him; the salesman—"artist" offered him something like \$2,000 to reverse his written opinion that the picture was a "dud." Mr. Worrall still isn't sorry he refused.

And Mr. Worrall will tell you about the most recent fake he exposed: a panel which various experts had examined carefully and had declared to be a genuine Hans Holbein the Younger. He tested it, showed that the panel was in two parts; that it had been pickled in ammonia to

simulate age; and that a specially-designed tool such as is used to remove the bark from trees, had been used to reproduce age action on wood.

A coat of absorbent plaster had been placed on the panel and the actual printing in color by presses was then imposed on it. The final printing process was the crackle to simulate the expansion of the pigment and give it the appearance of extreme old age. When Mr. Worrall exposed the panel as a fake, the owner ordered him to deface it so that it could not be sold; and particularly so that it could not be sold to a certain dealer who was very anxious to obtain it.

Mr. Worrall, who talks in great bursts of words like a lonely man who isn't by nature or choice a lonely man, will tell you of great paintings he has seen and of great paintings he has cleaned and restored. He will also tell you that a good proportion of the pictures in a good proportion of the collections of wealthy amateurs . . . and some of those in the great galleries—would prove to be fakes if they were examined carefully.

"NEVER DREAMED A LOW-PRICED CAR COULD BE SO MARVELOUS!"

Listen to the Owners!

The enthusiasm of 1940 Pontiac owners knows no bounds. Pontiac has definitely established itself as "Canada's Finest Low-Priced Car". Read what four Pontiac owners recently wrote:

"NEVER EXPERIENCED SUCH PERFORMANCE"

"Never experienced such comfort and performance in an automobile. . . don't know how anyone could build a better car, regardless of size and cost."

"BETTER THAN TWENTY MILES PER GALLON"

"Pleases me very much in every operation. I recently drove 268 miles. . . averaged better than 20 miles per gallon."

"MY EIGHTEENTH AND KEENEST OF ALL"

"My new 1940 model is the 18th Pontiac I have bought. I am greatly pleased and my wife says this is the keenest one of all."

"EVERYTHING YOU COULD ASK FOR"

"This is the 8th Pontiac I have purchased. It's amazing to see the improvements. . . It has everything you could ask for in an automobile."

for Pride and Performance...

Pontiac



Take the year's outstanding style leader—add smartness and luxurious finish to its wide-seated interior—give it a power-packed engine famous for its operating smoothness and silence—then include the year's comfort sensation, the "Triple Cushioned" Ride—and you'll know a few of the reasons why 1940 Pontiac owners say: "Never dreamed a low-priced car could be so marvelous!"

There's 27 new models for 1940 in 5 new series: Pontiac "Arrow" Six (Standard and De Luxe); Pontiac "Special" Six; Pontiac De Luxe Six; Pontiac De Luxe Eight; Pontiac "Torpedo" Eight. There is a Pontiac to meet your needs and purse exactly—prices start with the lowest.

THE PROGRESS OF GOLD MINING

SATURDAY NIGHT

TORONTO, CANADA, MARCH 9, 1940



Gold and War

AT no time in the history of this young country has the gold mining industry loomed so importantly. For to-day the British Empire is again at war; and this country, as the largest Dominion in the British Commonwealth of Nations, is carrying her full share of the burden. Twenty-five years ago there was this difference: the credit of the British Empire was such that purchases in foreign countries could be made on tick. To-day the attitude is: "In God we trust—all others cash". To-day we are being called upon not only to contribute to the fighting front—men, and base metals and planes and guns and ammunition—but to contribute very importantly to the economic front as well. And the answer is gold.

About this Picture

The picture which forms the front of this issue is unique: it is the picture of the surface plant of a northern Ontario gold mine which has been superimposed on an idealized section of the rock in which mining takes place; but it does not represent actual conditions at any mine. To be technical: the rock itself, Hornblende Gneiss, is metamorphic; and while some of Canada's producers are on similar formations, most are on conglomerate and old volcanic structures. In short, while the rock in the picture is not actually gold bearing, it simulates the actual appearance of underground conditions in a mine better than a photograph of gold ore would.

Why Gold is Cornerstone of World Economic System and the Only Practical Standard

GOLD is used in industry, the professions and the arts, but its main use is monetary.

Gold performs two monetary functions which make it the foundation of the world's economic system.

First, it serves as a specific base for the monetary system.

Second, it serves as the only practical, permanent standard of value for the settlement of international balances between nations. These are distinct and separate functions.

A maldistribution of the world's gold exists today. The British Empire produces 56% of the world's gold an-

nually. Of the 55 gold mines in the world producing more than 100,000 oz. annually, 46 are under British control. Ten are in Canada; Hollinger, Lake Shore, Noranda, McIntyre, Wright-Hargreaves, Dome, Lamaque, Hudson Bay, Teck-Hughes, Bralorne, South Africa has 32. And under conditions which have been accentuated by the onset of war, the United States has come to have 60% of the world's gold stock, in place of the 30% it had in 1934, and is accumulating the rest at a rate which will give that country all of it in another ten years. This lopsided gold situation is at bottom merely a symptom of a deeper trouble—the inability of our world economic order to find a way of getting to consumers anywhere near all it can produce.

Since gold became an instrument of national defense with the declaration of war, study of the United States accumulation is necessary to give the background of the American buying policy now in force.

Title to the gold now held by the United States Treasury, amounting to \$17,644,000,000 (December, 1939) is vested in the United States.

Excess Reserves

The rate of rise of the American gold stock, and the excess of reserves above requirements, are indicated in the two graphs (top, right) published by the Federal Reserve Board February, 1940.

The excess of reserves amounted to \$5,166,000,000 on November 15, 1939. Present estimates of the possibilities of credit expansion given the American nation by possession of this gold are that the gold gives the U.S. a potential credit expansion equal to 12 times

the volume of excess reserves. The dangers of inflation and the problem raised by gold are discussed in an article by E. A. Goldenweiser, of the Federal Reserve Board's staff, printed in this issue.

The purposes to which the \$17.6 billions of gold are put are as follows:

U. S. TREASURY, NOV. 30, 1939	
Current Assets and Liabilities	
Gold	
Physical holdings	
Gold (485,950,961.8 oz.)	\$17,358,283,663.97
Total	\$17,358,283,663.97
Purpose for which used	
Issued and outstanding	
Gold certificates	\$15,045,868,965.91
U.S. notes and Treasury notes of 1890	156,039,430.93
Gold against which no currency has yet been issued	
Held for account of Exchange Stabilization Fund	1,800,000,000.00
Held for account of General Fund of Treasury	356,375,267.13
Total	\$17,358,283,663.97

To explain why so much gold has gone to the United States in the past six years:

Gold comes into the U.S. (as into Canada) in the settlement of the balance of international payments arising out of all transactions between the U.S. and other countries. These international transactions include exports, imports, shipping services, tourists' expenditures, capital movements, interest payments, etc. When the demand for dollar exchange increases more rapidly than the supply of dollar exchange resulting from these transactions, the price of dollar exchange on the foreign exchange market rises. It may rise at a rate at which it becomes profitable for bankers and dealers, foreign or American, to ship gold to the United States Treasury, sell it there for dollars, and then sell these dollars on the foreign exchange mar-

ket. Thus to explain why so much gold has gone to the U.S. it is necessary only to explain why U.S. dollar exchange is in so much demand.

A survey of the U.S. balance of payments reveals that the greatly increased demand is largely in consequence of a huge flow of capital to the United States and, more recently, of a large favorable trade balance. Both of these movements were intensified by war.

While in several other categories of U.S. international transactions the net demand for dollar exchange decreased, it is in this increasing flow of capital to the American nation, particularly before 1938 and during late 1939 on which attention must be focussed.

There was an outflow of capital for the years:

1928—\$850 millions.
1929—\$217 millions.
1930—\$752 millions.
1931—\$490 millions.
1932—\$192 millions.
1933—\$336 millions.
And for the following year, an inflow:
1934—\$386 millions.
1935—\$1,537 millions.
1936—\$1,141 millions.
1937—\$800 millions.
1938—\$369 millions.

The capital inflow 1935-7 was the major factor in the inflow of gold, totalling \$3,500 million or 86% of the value of the gold imported in that period.

The trade item did not become important from the point of view of gold inflow until the last quarter of 1937. From 1934-37 the excess of U.S. exports over imports averaged only \$250 million a year. In 1938, however, the favorable trade balance greatly increased and was the dominant factor inducing the large flow of gold to the United States—excess of exports over imports totalling \$1,134 million—largest in 17 years. This increased "favorable" balance of trade, together with other items, was responsible in 1938 for a net inflow of \$1.6 billions of gold. And in 1939 an increasing net capital inflow plus an increasing merchandise export surplus, were responsible for piling up the present total of U.S. gold stock.

The Flow to U.S.

Thus it is evident that because there was a large inflow of capital in recent years, and in 1938 and 1939 a large excess of exports over imports, there was a great increase in the net demand for American dollar exchange; and because of this large increase there was a large flow of gold toward the U.S.

The kinds of capital flowing to the United States are six:

- Capital withdrawn from abroad by American owners because of the greater security or more attractive field for investment offered capital on this continent. The return of these funds which left the U.S. in 1930-2 is an indication of the relative strength of the American economy.
- Funds sent to the U.S. by other nations who felt that American securities offered a more attractive or secure investment than those elsewhere.
- Capital returning through repurchase by European nations of their own securities which Americans had purchased during the post-war decade and were now glad to get rid of even at low prices.
- Capital entering the U.S. because of the need created by increasing foreign trade for larger working dollar balances to be kept in American banks by other nations and traders.
- Capital in flight from countries abroad to the U.S. due to fear in those countries of confiscation of property, or of loss through inflation of their local currencies. Also from countries where economic and political disturbances threatened.
- Funds sent to the U.S. by speculators in the hope or expectation that an exchange profit would be possible if and when the currencies of their countries became depreciated in terms of the dollar.

The size of this movement can only be appreciated by study of the international capital transactions of the United States, month by month (see table page 38).

One-Way Movement

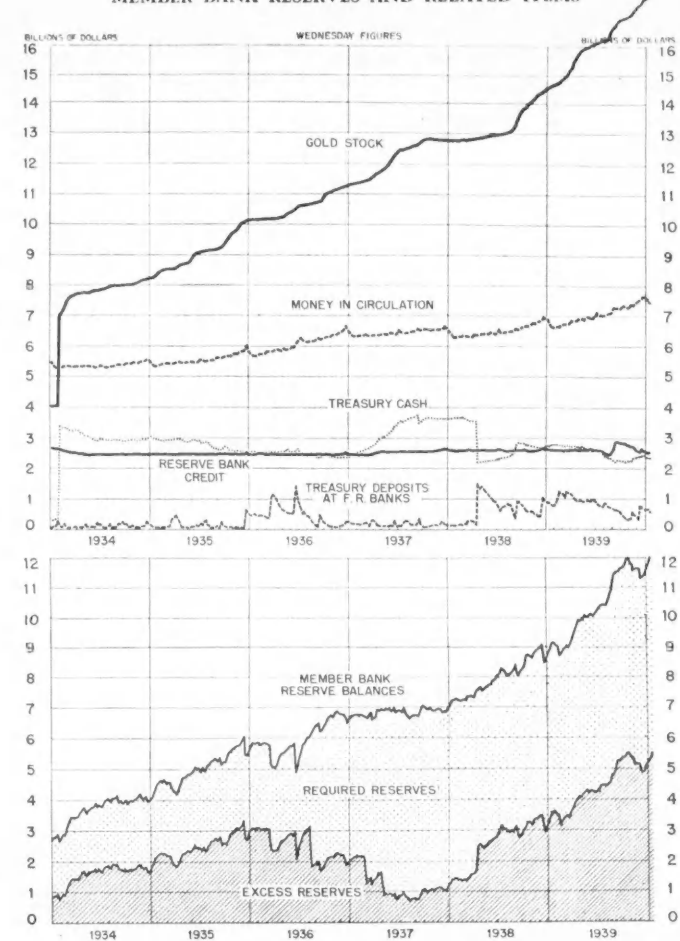
As will be noted, this is all movement to the United States, not movement from that country. And supporting and increasing it is a greater return of U.S. funds in the form of foreign securities, an inflow of foreign funds into American domestic securities, as well as an inflow of brokerage balances, and a decrease in American investment abroad.

AMERICAN INVESTMENT ABROAD AND FOREIGN INVESTMENT IN UNITED STATES EXCLUSIVE OF SHORT-TERM BALANCES AND DIRECT INVESTMENTS

(In millions of dollars, cumulated from the end of 1925)	
American Invest.	Foreign Invest.
End of month	Abroad
1938	
November	916
December	899
1939	
January	874
August	851
	2,317
	2,335
	2,306
	2,291

Throughout 1939 there were no net capital movements from the United States as shown in the Federal Reserve Board tables of capital movement to the United States since Jan. 2, 1935, by countries (page 38).

MEMBER BANK RESERVES AND RELATED ITEMS



The gold stock of the United States thus increased \$4 billions to \$17.6 billions in December, 1939. (See table page 38).

These increases in American gold stock were in settlement of the balance of international payments, etc., and in the case of the main gold-using countries were as shown in Gold Movements table, page 38.

The increases in capital flow and thus of American gold stock, as explained, will continue as long as:

- The opportunities for secure and profitable investment in foreign countries are not great enough to attract American capital abroad.
- The prospects of continued economic recovery in the United States appear more satisfactory to other nations owning gold than their own business prospects.
- The political situation remains disturbed, and war causes buying in the United States.
- There is possibility of further depreciation of some foreign currencies. A simple way of stopping gold from coming to the United States would be for the U.S. Treasury to announce that America would not take any more of the world's gold for the time being.

But, the Treasury has declared, such a step taken unilaterally would have disastrous effects on the American economy. It would disrupt the foreign exchanges and gold bullion markets and would soon cause such drastic disturbances in international trade and even in the domestic sphere as seriously to impede the American business recovery.

Upset Relationships

Present relationships among the various leading currencies would be upset. The dollar would probably appreciate immediately in terms of other leading currencies. At present, when the demand for dollar exchange increases, nations need only obtain gold (through home production or on the London market), ship it to the United States and obtain dollar exchange. Thus an increased demand for dollar exchange relative to the supply is met. If, however, this means of securing dollars were removed, American dollars would rise in value indefinitely in terms of other currencies. While it is impossible to know in advance the rates of exchange which would finally emerge, one thing is certain—no country, and this includes the United States, would benefit from the ensuing monetary disruption.

Were the United States, moreover, to declare a complete embargo on gold imports, it might deal a serious blow to the value of gold as a monetary medium. Such action, coming at a period when there is discussion of the possibility of world over-abundance of gold might have repercussions which would disturb the public's confidence in the value of gold. The leading gold producing areas would be hard hit, and some, such as South Africa, might even be involved in a major economic crisis.

A closely related worry, to gold producing countries, is the possibility of the reduction of the price of gold by the United States.

The simplest way to examine this question is to examine the consequences that would ensue from an increase in the gold content of the dollar (or, to phrase it another way, from a decrease in the monetary value of gold.)

A reduction by the United States Congress in the monetary value of gold would probably not be as calamitous as a complete embargo. It would limit the extent of the possible depreciation of gold (or appreciation of the American dollar in terms of other currencies) and the psychological disturbance would not be as potent, yet it would have disadvantages serious enough to render resort to any such action, in the expressed opinion of

the U. S. Treasury, most unwise.

If the reduction made in the price of gold were small, American trade and service balances would not be much affected over the next year or so, nor would the inflow of capital cease. Once the drop in the price of gold was regarded by the rest of the world as definitive, the subsequent effect on capital imports would be virtually nil. American securities would continue to be bought for the same reason that they are bought now and dollar balances on foreign account would also continue to increase for the same reasons that they are increasing now.

Bring More Gold?

But were a small decline in the price of gold to be regarded by numerous domestic and foreign investors and exchange speculators as being the first of a series of drops, the result might well be to attract more, not less, funds to the United States, and intensify the flow of gold—the very thing it is designed to check. Speculators would rush to buy dollars and hold them in the United States in anticipation of the next appreciation there. Thus the effect on capital movements, both long-term and short-term, might more than offset the effect on trade and service items; instead of getting less gold, the United States in the opinion of its Treasury would find itself getting more.

On the other hand, were the monetary value of gold to be cut with one stroke, substantially and definitely—say, for example, to \$25 an ounce, the effect would be quite different from that described above. Such a step might reduce the volume of gold imports and perhaps give rise to an outflow of large dimensions; but the economic effects on the American domestic economy of the change in foreign exchange value of the dollar would be little short of disastrous.

The 40% increase in the price of American currencies to other nations would constitute a severe handicap upon American exports. U. S. exports play a role in the level of American business activity much in excess of the magnitudes involved and so great an appreciation of the American currency in terms of other currencies would be bound to curtail American exports seriously.

Imports, on the other hand, in the event of a reduction in the price of gold to \$25 an ounce, would be 30% cheaper. American domestic producers would then be exposed to greatly sharpened competition in the American market from foreign producers, both because the prices in dollars of imports would be less, and also because the numerous ad valorem duties would constitute smaller protection.

Of Dubious Value

Other nations would have a great advantage in the American market, but unfortunately this would be of dubious value to them. The ability of Americans to buy goods, whether import or domestic goods, depends chiefly on the state of business activity in America. It is for that reason that U.S. imports during the recession in 1938 dropped almost one-half and that U. S. imports began to increase in the fall of 1938. Thus, though the sharp appreciation of the dollar would make foreign goods cheaper in the United States, American imports might actually be less than during the previous period and instead of benefiting the rest of the world the United States would be hurting world business as well as its own.

Judging from past experience, it is the belief of the U. S. Treasury that the prices of domestic commodities and services could not be expected to move either at home or abroad with sufficient rapidity to adjust quickly and fully any substantial al-

(Continued on Page 38)



Greenshields & Co

Members Montreal Stock Exchange
Montreal Curb Market

507 Place d'Armes, Montreal

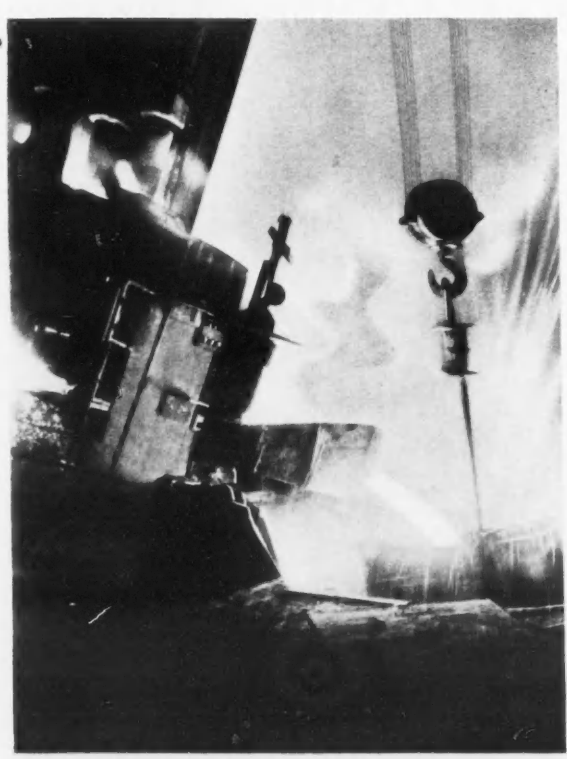
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The Gold Problem Today

BY E. A. GOLDENWEISER,

Director, Division of Research & Statistics, Federal Reserve System

NOTWITHSTANDING the departure of the world from a rigid gold standard, gold continues to be the principal if not the only international currency and the only universally accepted medium for settling balances between countries.

Its unusual behaviour in recent years has made gold an even more interesting subject of discussion than it was when its sight was much more familiar than it is today, while its powers to bring about economic equilibrium were believed to be little short of magical. In the United States today gold constitutes a problem.

U.S. Stock of Gold

Monetary gold in the United States has mounted today to the unprecedented total of \$17.6 billions. It has increased by about \$13.6 billions since the beginning of 1934. Of the increase \$2.8 billions represent the result of the revaluation from \$20.67 to \$35 an ounce of the \$4 billions in gold which the United States had acquired at that time, and \$0.2 billion was gold acquired under the gold buying program before revaluation. The remaining \$10.6 billions have been added to the gold stock since January 1934. A little less than \$0.9 billion of the increase represents production and the return of coin and scrap gold in the U.S.A. and \$9.7 billions are the result of imports from abroad. In January 1934 the United States' stock of gold was about 30% of the world stock, counting central reserve holdings only, while today it is in the neighborhood of 60%, so that the U.S. proportion of the holdings of the effective monetary gold of the world has doubled in the period of approximately six years.

The chart shows for 1933 and 1939 the world total of monetary gold and the amount held in the United States.

It brings out graphically the fact that during the six year period the dollar value of the gold reserves of the world has been greatly expanded, both by revaluation and by increased production, and that the United States now holds a much greater part of the expanded metal.

What Has Brought It?

Why has so much gold come to the United States? It is not, as is sometimes stated, because the U.S. pays more for it than do other countries. As a matter of fact, when there are no artificial restrictions on the free movement of gold, as there have been in the belligerent countries since last September, the price of gold expressed in dollars or in any other currency is the same the world over. This means that an ounce of gold can be bought (and sold) in England or France for as many pounds or francs as will exchange for \$35—the price of an ounce of gold in the United States. If this were not so, arbitrageurs throughout the world would buy gold in the cheaper market and sell it in the dearer market until the spread was eliminated.

The gold has come to the United States as the result of complex economic influences which have been constantly shifting during the past half dozen years. Some of these factors were business developments in the U.S. and abroad, political uncertainties in Europe, rearmament programs, and the general rise in the currency prices of gold throughout the world. These higher prices for gold are important because they have resulted in increased production of gold, and have made it possible for foreign countries to send great quantities of gold to the United States without suffering reductions in their gold reserves to the point where they had to impose exchange restrictions.

Of the \$9.7 billions of gold from abroad, it is estimated that \$3.1 billions came out of central bank reserves of other countries, mostly France and England, and \$6.1 billions out of foreign mines, largely from South Africa. A half billion dollars more on balance has come from other sources, principally private holdings in India.

Forces Behind Flow

The nature of the forces behind the gold flow to the United States is suggested by analysis of the transactions which have brought the gold. Of the \$9.7 billions of gold and the \$1 billion of silver that have come to the U.S. from abroad in the past six years, \$2.2 billions represent the U.S. favorable balance of trade and services, in other words, payments for United States goods and services sold to foreign countries in excess of goods and services which the U.S. bought from them. This figure, though considerable, nevertheless represents less than one fourth the total. Of the remainder, \$5.5 billions are identified as being the result of capital flow to the United States due to uncertainties abroad, while \$3 billions of the gold and silver movement are the result of unidentified transactions, although this also, presumably, is in large part the result of capital movements. The fact is that the U.S. has sold the world over \$2 billions in goods and services in excess of its purchases and in addition foreign countries have built up balances and bought securities in the United States.

Broadly speaking, there are two phases of the gold problem that confront the United States as the result of the great increase in U.S. holdings: (1) the growth of member bank reserves which has created the possibility of uncontrollable credit ex-

pansion if a runaway situation should develop, and

(2) the accumulation in the United States, in exchange for U.S. products and other forms of wealth, of an asset which is of little value now and whose value in the future is unpredictable.

Problem of Reserves

From the point of view of member bank reserves, through which monetary authorities endeavor to regulate credit expansion and contraction, the cash amount of gold imports has placed the banks largely beyond reach of ordinary instruments of credit policy, as they exist under the law today. The Federal Reserve

its effect on member bank reserves? Analysis of the transactions which have brought the gold throws some light on these questions.

To the extent of \$2.2 billions, U.S. gold acquisitions represent an exchange of goods and services for gold. This is not, however, the way the matter looks to the people who sold the goods and services. They did not get gold in exchange but received bank balances. At the same time the production of the goods and services exported resulted in increased employment, wage payments and profits. In final effect, the purchase of gold by the Treasury amounted to an encouragement of U.S. business activity through the issuance of gold certificates by the government in ex-

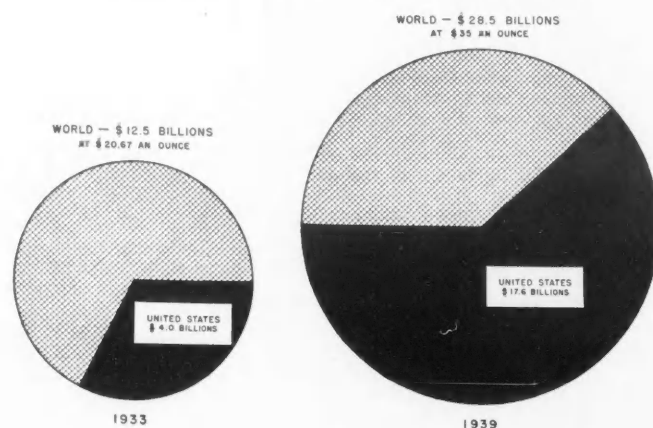
change for goods and services sold by the United States to foreigners.

The difference between paying for goods exported through issuing gold certificates against gold bought from foreigners and spending the money domestically is that in the former case the government acquires the gold while the goods go abroad, while in the latter case the government acquires no gold—but the goods remain in the United States. Even if goods were produced and retained in the United States it is not altogether clear that it would be a net advantage to the country to have goods rather than gold. For example, if the U.S. had sold less cotton and wheat, and kept it in storage, this would presumably have complicated the problem of the agricultural surplus. There would have been surplus cotton and wheat instead of surplus gold, and it is not certain under present circumstances that this would be an advantage. If, on the other hand, the U.S. could have built low-cost houses with the material and labor it has exported, to use a timely illustration, the advantage would have been apparent.

Effects on Budget

The choice between enabling the foreigner to buy U.S. goods and service in exchange for gold and refusing to buy the gold but creating purchasing power for domestic purposes instead is not one that can be made without considering the effects of increased domestic expenditures on the U.S. budget nor without reference to the effect of gold operations on the foreign exchange market. An abrupt cessation of American gold purchases would create chaotic conditions in the exchange market with serious repercussions on domestic business conditions and prices. The desire to preserve as much stability in the inter-

MONETARY GOLD—WORLD AND UNITED STATES



System's powers in this field are limited to a relatively small amount. It can absorb about \$0.9 billion, through an increase in its reserve requirements, and it can make sales out of its portfolio of United States government securities.

Both of these powers could be exhausted without effecting a solution to the problem. The power of the Treasury to reduce reserves or to sterilize gold can be made effective only at the cost of increasing the public debt for the purpose. There is, therefore, no existing mechanism that is both practicable and acceptable for handling an excess reserve situation like the present one, in which member banks have more than \$5 billions of reserves above legal requirements. Before the reserves created by the inflow of gold are brought under control new means for exercising such control will have to be devised and adopted.

Strictly monetary actions can, of course, be supplemented by other measures some of which are now available and some may have to be developed.

The Board of Governors of the Federal Reserve System can change margin requirements on certain loans on securities which should make it possible to control an important element in stock market speculation. This course of action affects not the supply but the demand for credit because it limits the amount of credit that a holder of a given amount of securities can apply for in order to speculate in securities. The Board under the law has full discretion in determining margin requirements.

Temporary Influence

A temporary psychological influence on the market may also be exerted through the use of the System portfolio. A sale of government bonds in substantial amounts when an expansion is under way might have an effect on the situation quite out of proportion to the relatively unimportant change it would make in excess reserves. That effect, however, would be only temporary because long-time developments reflect not market psychology but underlying conditions. It may be possible in this way to effect longer-term developments.

If credit could not be controlled through reserves, the only way the authorities could control bank expansion would be through more stringent regulation of bank assets. However, any method that could be devised for controlling the situation without controlling reserves and deposits would require a departure from U.S. habits of mind and way of doing business. It would involve more supervision and regulation than would an adequate control of the supply of money without too much control of the uses to which money is put.

The government has many other ways of influencing business conditions by action in fields that are not usually considered as monetary, such as taxation, retirement or expansion of the public debt, labor policies, and price regulation. Coordinated action in all these fields is necessary to achieve effective results but ability of monetary authorities to control bank reserves is a necessary part of such a program.

Value to U.S.

Another phase of the gold problem is the question raised by the \$17.6 billions of gold which is of little or no use to the United States now. The question is, what good has this gold done the U.S. and what problems is it likely to raise in the future? Does it possess any current or future attributes that may be set off against



THE SEARCH for gold is constant and the air-driven drill is the long probing finger which explores the masses of rock. To work below ground, these men must be physically fit and are subjected to frequent medical examinations. Their temperament, too, must be suited to underground work.

national exchange structure as is compatible with shifting international conditions has been the chief factor in the country's purchases of gold.

Much the largest part of U.S. gold acquisitions, however, was the result not of the export surplus but of transfers of capital and, except for swelling member bank reserves, has had little economic effect. The identifiable amount in this category is \$5.5 billions. Of this total \$2.6 billions were placed in the United States on a highly liquid basis, mainly as deposits in U.S. banks. So long as these deposits remain unused they are of no particular consequence. Another \$1.7 billion of the \$5.5 billions represents repatriation of American capital—mainly short-and long-term obligations that had been held in the United

States and were bought back by foreigners, largely at reduced prices. To this extent the United States holds gold rather than foreign debts, although it should be mentioned again that individuals who sold the obligations received dollars, not gold. Investments by foreigners in American securities have amounted to \$1.2 billions in six years 1934-1939. In this way foreigners have given the U.S. gold in exchange for income-yielding securities and in the process have perhaps tended at times to bid up the price of American securities.

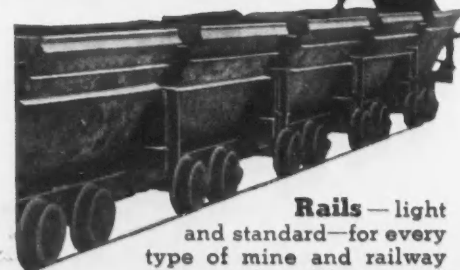
Foreign deposits in American banks and American securities held by foreigners are now largely available for use in this market by European belligerents. The British government

(Continued on Page 39)

STEEL FROM ALGOMA IS THE MINER'S STANDBY

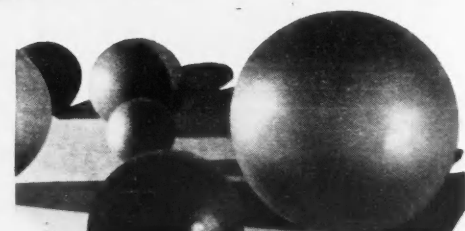


Look at this mine headframe. It's built from structurals made by Algoma. Algoma Bars, Angles, I-Beams, Channels, Zees and H-Beams are used in quantity by the mines in headframes, mill buildings, transmission towers, etc.



Rails—light and standard—for every type of mine and railway use come from Algoma, and with them come tie plates, splice bars, fish plates. Miners use them in surface and underground haulage.

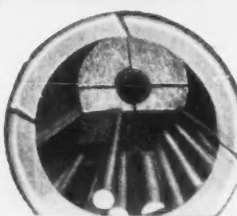
It takes men... ore... steel to make mines. From the mills of Algoma comes the steel in shapes ready for direct use, or for fabricating into mining machines and tools. Here is shown how Canada's hardy miners use Algoma products.



Grinding Balls—multiforged—are used for grinding ore at mines across Canada. These tough, uniform balls—2" to 5" in size—will grind ore to required fineness at minimum cost.

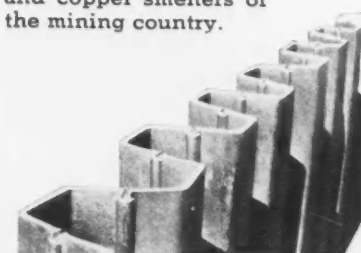


Every day a trainload of coke like this leaves Algoma for the nickel and copper smelters of the mining country.



Grinding Rods—are used widely too, and Algoma supplies these in all standard sizes, made in either carbon or alloy steel.

YES... steel from Algoma is truly the miner's stand-by. Algoma counts the mining industry among its biggest customers, and is keyed to meet mining needs.



Steel Sheet Piling—is used in Canada's mines for retaining walls and shaft linings. Algoma is the sole Canadian producer of steel sheet piling and we make this in sixteen sections suited to light, intermediate or heavy construction and driving conditions.

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Montreal—SAULT STE. MARIE—Toronto
Western Grinding Ball Agents—Manitoba Steel Foundries Ltd., Winnipeg



ALGOMA STEEL

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**SAFETY
FIRST**



Miner wearing Willson
Safety Goggle Style WV-2

NOT TO SEE

An eye can easily be replaced in these days but a glass eye does not restore the efficiency of a trained first class worker, neither does it stop compensation costs.

An accident involving the loss of sight of one or both eyes is very expensive but more often not nearly so expensive as the numerous minor eye accidents which swallow up hours of lost time and lower production.

Canada's leading gold mines solved the problem by adopting WV-2 spectacle type goggles and already eye injuries and lost time have been substantially reduced.

WV-2 Goggle

Lenses: Heat treated to provide maximum protection. Optically ground. Perfectly flat, cannot cause eye strain, distortion or headache.

Frames: Strong channel type with double bridge construction. Highly recommended for underground work.

It will pay to equip your underground workers with WV-2 goggles. Send for complete information.



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or - RIP
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Taxation—Its Effect on Gold Mining

IN ALL gold-producing parts of the Empire at this time the effect of taxation on gold supply is being discussed with a good deal of gravity, for the British Empire produces 56% of the world's gold supply, and the outstanding munition—the essential commodity—of this war is gold.

The increase of gold production is the first line of economic defense.

Throughout the Empire mining has gone on long enough to bring out the fact that there is often a relation between taxation and the amount of gold produced.

Canada's taxation policy with regard to gold is now under consideration at Ottawa. Our purpose here is to present, for prospective and producing mines, the consensus of opinion on taxation and the expansion of the industry.

The Gold "Bonus"

Gold is produced by the mines and shipped to the Royal Mint at Ottawa for refining and subsequent sale. It is sold in the highest market—the United States at the present time. The producer receives the equivalent value of his gold in Canadian funds less refining and marketing charges—\$35 an ounce plus \$3.50 an ounce from the difference in American and Canadian exchange. With new mines being brought into production on this \$35 gold and both our developing and older producers going deeper into the ground this so-called "gold bonus" is being used primarily to bring into profitable production very large tonnages of ore formerly below commercial grade. The result of this has been a substantial lowering of the average grade of ore treated and a consequent increase in the life of the mines and the communities dependent on them.

The foremost problem of the tax authority is this:

Is the warring government likely to get out more gold by lowering the tax on producing mines and thus increasing the initiative to produce, or will it lose revenue which can be maintained only by taxes? And, to increase revenue, must it increase taxes or decide to encourage the production of gold for sale to bring foreign exchange?

Low Grade Ore

Another slightly different problem has arisen in the case of these mines of low grade ore. There have been only two new gold fields opened by prospecting in the last seven or eight years—the North West Territories and the Little Long Lac belt. Almost all of the "new" mines which have come into operation on \$35 gold were properties which were marginal when gold was \$20.67 an ounce, and had been known for a long time.

In the Porcupine district Buffalo-Ankerite, Pamour, Delnite, Naybob, DeSantis and Moneta were all operated at various times from the early days of the Porcupine camp and were brought into successful production by large companies due to the increased price of gold. The Aunor, Hallnor and Broulan were not found by prospectors but are the result of underground exploration based on geological study of adjoining properties in a producing field.

In the Kirkland Lake district, To-burn, on a dividend basis for several years, was the first property to be actively worked in that field. The Kirkland Gateway and Bidgood were developed out of old finds made by prospectors long ago. The Macassa and Upper Canada were the outcome of underground prospecting.

In the Larder Lake area claims now composing the Kerr-Addison and Chesterville were staked in 1907-8. The Omega had a mill on it in the 1920's. The Howey (1925), McKenzie Red Lake (1926), Central Patricia, and Pickle Crow were developed when gold was increasing in value, from finds in the twenties.

In the Little Long Lac belt, the Northern Empire came from an early find. The Hard Rock, McLeod-Cock-shutt, the Magnet, the Bankfield are all finds made before the increase in the price of gold. The Sand River and

Leitch mines are new discoveries. In some respects the Little Long Lac area is based on new prospecting, because the discovery of the Little Long Lac mine itself led to the re-examination of the whole field.

New Finds Needed

If gold production in any country is to continue, new discoveries and new mines must be found as the old properties in the course of time play out. But new mines are not being discovered in numbers. The great expansion of gold production has masked the fact that prospecting for new properties has sharply declined, in the last four years due, the surmise is, to the evaporation of backing by small partnerships, syndicates and companies for prospectors in the bush. Through discouragement the small tradesman, professional men, store-keepers and wage earners who in the past largely supported these syndicates which put up money for the gamble of bush prospecting, have largely ceased to take part in mining.

The supply of promising properties is running out and 1940 will see very few new producers brought in. This means that the mining industry faces the prospect of coming to a dead level or turning in the future to the declining side.

Thus there is a third problem facing those who formulate Canada's federal and provincial taxation policies on gold—that of getting more prospectors into the bush, and more backers to support them.

Effects of taxation on the prospecting of new mines will be described first, since the situation is less complicated than that of a producing mine.

Prospecting Costly

The expense involved in prospecting and exploration has increased greatly during the past 15 years, states the Ontario Prospectors & Developers Association, not only on account of increasing costs which have borne heavily on all business, but because prospectors now have to go farther from the railroads year by year, use expensive planes, etc. The added cost has meant that prospecting has been financed more and more not by single prospectors themselves, but by the small partnerships, syndicates, and exploration companies mentioned, with very small capital of \$2,500 to \$5,000 or even \$10,000.

Partnerships and syndicates engaged in this business are usually represented by a trustee or manager and only raise enough capital to last for one or two ventures. The amount of money is usually too small to stand the expense of incorporation, the difficulty of disbanding and giving up charter, the secretarial expense necessary for the government reports and returns which have to be made by an incorporated company. The majority of them never make a find and are out of business at the end of one or two seasons' effort.

Of the 97,744 mining claims recorded in Ontario since 1930, some 90,453 have been cancelled. And the number of miners' licenses issued dropped from 13,855 in 1937 to 7,713 in 1939.

To Aid Prospecting

However, if they are fortunate enough to make a find, they usually sell their find to a company organized either by a promoter or one of the larger producers which has capital for the development.

The Ontario Legislature at its present session, with a view to assisting and encouraging prospecting and preliminary mining development and to facilitate the financing of such operations, enacted on February 16, 1940 (and now awaiting Royal consent) an amendment to the Securities Act providing that syndicates whose sole purpose is the financing of prospecting expeditions or preliminary mining development, and whose capital as set out in the syndicate agreement does not exceed \$10,000 may sell their securities to the public without registration with the Commission, by mere-

(Continued on Page 36)



A HIGH GRADE VEIN, rich in gold content, is this one uncovered on the 225-foot level at Faymar Porcupine Gold Mines.

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3,000,000 Shares - \$1.00 Par Value

Officers and Directors

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J. H. COLVILLE	"	Director
E. G. CLARKSON	"	Director
E. J. JOY	"	Director
N. BERLIS	"	Director
NORMAN HENRY	"	Sec.-Treas.

PROPERTY—The Company's property embraces 987 acres at Casummit Lake in the Patricia district of northwestern Ontario.

PROGRESS—Results of recent developments on the No. 1 vein have exceeded Company expectations and are above anything indicated by 1938's drilling program. A start has been made in putting the mill in shape for resumption of milling early this year. Milling will be at the rate of 125 tons daily.

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British Columbia The Mineral Province

With the Empire at War, it is reasonable to assume that Production will be the keynote of Canada's participation. Every activity will be brought to bear, and none is more important than the Mining Industry.

British Columbia's Mining Industry has closed another successful year, with production to the value of \$65,000,000, and paying Dividends of over \$11,000,000.

Of this production, no less than \$22,700,000 was in Gold, the highest in the history of the Province.

Far from taking advantage of the situation, British Columbia's metal producers are co-operating closely with the British Government, and are taking only a very reasonable profit from their operations.

THE DEPARTMENT OF MINES
Parliament Buildings
VICTORIA, B.C.

JOHN F. WALKER,
Deputy Minister.

HON. W. J. ASSELSTINE,
Minister.

Gold's Importance to Empire at War

TODAY gold is of greater importance than ever.

It is gold which makes it economically possible for the Allies to fight their way to victory.

Headlines shout that London is calling in billions of British funds invested in sixty American industries. The French are doing the same, for France's purchases of war materials in the United States for a single month amount to more than \$81 million. Canada, following the same procedure, is to spend over half a billion dollars in a war year. The sister nations of the Empire are likewise assembling their war contributions.

One of the most telling supports is gold production.

Funds in existence can last themselves and create credit only so long at the rate of expenditure necessitated by war. After that—debt. Unless new wealth is created.

Where is the money to come from? Out of the ground, much of it, newly created.

Gold, the Canadian industry which dug 1,928,308 fine ounces in 1929, was producing by 1939 some 5,045,766 fine ounces annually. The last ten years have seen progress in gold mining such as few industries anywhere have enjoyed.

Production Doubled

Rate of gold production throughout the world has doubled in these few years, in every country except the Transvaal. The odd situation is that from 1933 to 1934, 4,900,000,000 in gold was mined (calculating its value at 84s. 11½d. per fine oz.) and that annual gold production is leaping ahead at the huge amount of two or three per cent of the world's gold stock, so that many of us will live to see the amount of gold in the world doubled again in our time.

Gold is used in fifty-three countries, still counting the Polish and Czechoslovakian governments as functioning entities.

Its production is indispensable to each participant in the world's economic system, and vital to warring nations incurring debts.

Persons skeptical of the influence gold exerts in binding together the trade of the world and the many peoples of the British Empire are usually uninformed of the sheer size of the industry or its progress in many British countries.

Of the 55 gold mines in the world producing over 100,000 ounces annually, Britain controls 46. South Africa has 32 of them. Canada has ten, and eight more producing over 50,000 oz. And the production of gold is being extended throughout the Empire as a war measure of outstanding magnitude.

A main reason for gold's economic usefulness aside from its creation of essential new wealth is that the depreciation of Empire currencies brings more foreign exchange into the currencies of the Empire than it did. Gold sold from Canada at \$35 an ounce, for instance, brings in Canadian funds \$38.50 when the dif-

ference in American and Canadian currencies is equated. Since gold mining is an industry in which continuing production becomes more expensive and finally drives the producing mine from business, the added amount ensures longer life and greater depths for Canadian mines by permitting the working of lower grade ores.

The continuing financial strength contributed by gold production to the British Empire is most evident in South Africa, the largest producer of gold. For 1939 that country's total is above 12,000,000 ounces. The Union's annual prosperity depends on the success of the year's gold operations, for half of everything produced by the mines is taken by governments as the industry's contribution to the nation's and the Empire's economy. Possibly in the future the Union of South Africa as a result of building secondary industries may not be so dependent on gold for its prosperity as it is, but the country's life, to say nothing of its war effort, depends on the great mines of the Transvaal.

In October, 1939, of the 1,102,212 fine ounces brought up to the surface, all but 26,000 ounces came from the Rand.

Asked while touring the United States what eventual output he foresaw for the Rand, T. K. Jepps, professor of mining at Witwatersrand University, replied that the Union's industry could reach fifteen million ounces a year if the price of gold remained high and the necessary labor was available. Discussing deep mining on the Rand, he said that wet mining was not practical at greater depths than 10,000 feet, but that dry mining was certainly possible with better conditions of dust prevention.

Ten years ago, he stated, it was thought impossible even to sink a borehole 6 inches in diameter had been sunk to 20,000 feet.

Assuming that mining at 10,000 feet was possible, he went on to say that the mines on the Central Rand averaged five to six thousand feet in depth and went down from 150 to 160 feet a year. For every thousand feet the Central Rand recovered £150,000,000 gold, and at 10,000 feet the average mine would yield as much again as it had already given.

Peak is Ahead

Asked the month before the war when he thought the Rand would reach its zenith, he said that it could do so in six or seven years under existing conditions if the supply of native labor could be maintained and increased. Three hundred and thirty thousand natives are now at work in Rand mines. However, progress in the West Rand and Orange Free State was continuing and could extend that peak to some forty years in the future. The mines, he stated, were considering mechanization.

Since the Union abandoned the gold standard in 1933, the industry there has consistently and wisely turned its attention more and more to the development of low grade ore bodies with the result that the gold industry's life has been extended almost indefinitely. In 1938 for the first time, over a million ounces a month were mined, more than 54 million tons of ore milled, and the average recovery reduced from the previous low record to 4.460 dwt. to 4.346 dwt. Working costs per ton in 1938 were 19s. 3d., or an increase per ton of 4d. over 1937. In 1939, cost and profit on the Rand went:

	Tons milled	Yield per ton	Working cost/ton	Working Profit/ton	Total working profit
April	4,614,000	31s8d	19s6d	12s2d	£2,806,884
May	4,952,700	31s4d	19s4d	12s0d	£2,961,769
June	4,821,300	31s5d	19s4d	12s1d	£2,912,124
July	4,336,400	31s3d	19s3d	12s0d	£2,556,738
August	5,029,900	31s3d	12s2d	12s1d	£3,043,302
September					£3,057,844

ference in American and Canadian currencies is equated. Since gold mining is an industry in which continuing production becomes more expensive and finally drives the producing mine from business, the added amount ensures longer life and greater depths for Canadian mines by permitting the working of lower grade ores.

The continuing financial strength contributed by gold production to the British Empire is most evident in

The gold mining industry's profit, due to the effect of war on gold prices, was over the previous record of £32,000,000 for 1938. This went to the "Houses" controlling the mines.

As a further indication of the consistent working of lower grade ores, the profit per milled ton in 1933 was 16s 6d. This declined steadily to 11s. 9d. per milled ton in 1938.

Declaration of dividends in 1938 amounted to £17,262,216, with such profits that there is little wonder

(Continued on Page 37)

TRANSVAAL GOLD OUTPUTS—1939

	September	October	Life in years from 1939		
	Treated Tons	Yield Oz. Treated Tons	Yield Oz.		
Brakpan	135,500	£198,504*	134,000	32,812	35
City Deep	168,000	23,314	107,000	23,284	20
Cons. Main Reef	176,000	29,484	184,000	30,403	30
Crown Mines	223,000	79,934	324,000	80,701	35
Daggafontein	156,000	£175,522*	156,000	43,514	35
Dominion Reef	15,000	£2,652*	15,000	2,301	35
D'r'n Roodport Deep	132,000	25,559	145,000	27,433	35
East Champ D'Or	32,000	£60,532	32,000	£59,844	35
East Daggafontein	44,000	£17,798*	49,000	12,574	35
East Geduld	154,000	44,283	154,000	44,284	35
East Rand P.M.	219,000	47,043	225,000	47,856	30
Geduld	112,000	26,512	116,000	26,439	12
Geldenhuis Deep	66,500	9,509	68,000	9,655	7
Glyn's Lydenburg	9,100	2,730	9,300	2,713	7
Government G.M. Areas	224,000	£365,080	226,000	£361,804	12
Grootvlei Proprietary	85,000	20,902	86,000	21,404	35
Langlaate Estate	114,000	£111,302	116,000	£112,554	10
Lupatla Estate	54,000	11,791	54,000	11,760	35
Modderfontein B.	90,000	£14,593	92,000	14,945	7
Modderfontein Deep	49,400	5,624	49,000	5,641	35
Modderfontein East	131,000	22,479	130,000	22,304	20
New Kleinfontein	30,500	£33,779*	79,000	15,022	35
New Machabie	198,000	£22,945	22,000	£29,801	35
New Modderfontein	124,000	31,534	202,000	31,811	7
New State Areas	40,400	253,730	124,000	£253,484	15
Nigel Gold	40,400	£38,011*	43,000	£40,058*	35
Nourse	16,016	84,000	16,344	16,344	15
Rand Leases	390,000	£240,180	395,000	£237,044	35
Randfontein	33,000	£437,856	39,000	£443,757	25
Rietfontein Cons.	33,000	4,924	30,000	4,706	35
Robinson Deep	79,000	12,290	80,000	12,439	15
Rose Deep	118,000	24,337	111,000	22,140	30
Simmer & Jack	35,000	£87,043*	95,500	26,956	7
S. At. Land & Ex.	154,000	£165,019*	154,000	42,255	25
Springs	62,000	41,568	63,000	41,309	35
Sub Nigel	27,500	1,798	28,000	4,729	7
Transvaal G.M. Est.	89,000	21,216	89,500	21,625	7
Van Dyk Consolid.	98,000	£54,275	100,000	£55,910*	12
Van Ryn	61,000	£197,604	58,800	£109,002	10
Van Ryn Deep	73,500	17,899	73,500	18,084	35
Venterpost Gold	216,000	£299,709	225,000	£327,548*	30
Vogelstruisfontein	91,000	£52,160	91,000	19,836	25
West Rand Consolidated	89,000	£93,387	89,000	£94,421	9
West Springs	50,500	£29,917*	52,000	£10,295*	—
Witwatersrand Knights					

Gold at 150s. per oz. *—Profit.



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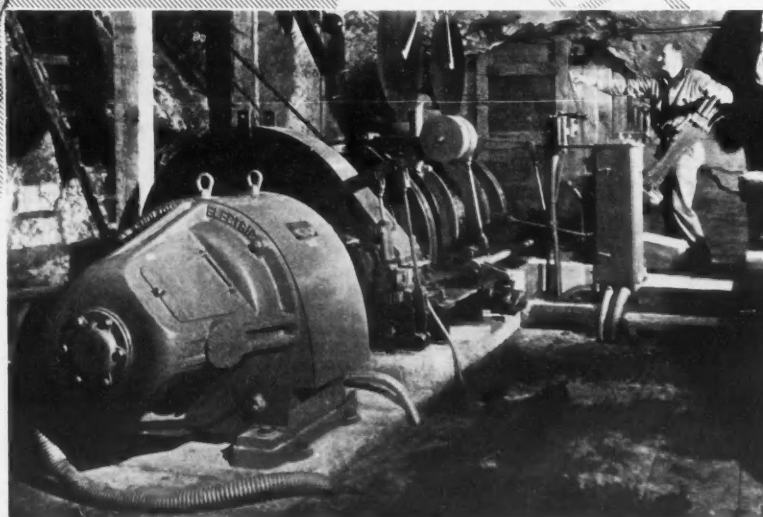
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MALARTIC, a thriving, lusty young town, which has grown up as a direct result of mining operations in the vicinity. Total mineral production in Canada grew from \$230,000,000 in 1931 to \$508,000,000 in 1935. And mining is still one of the Dominion's infant industries.

Mines Make Business and Build Cities

YOU ask us what gold mines mean to this country, and we can fill the paper with the answer, with the platitudes in the right places so that prospector's tea, pins on the map, Roy Thompson, Bay Street offices, the standard camp, and Departments of Municipal Affairs will never show.

But Roy Thompson is a business fairy tale that happened, even in this country where they rub two promoters together and get an industry. So is mining, with Northern Ontario alone producing a total of \$109,508,979 and gold appearing in British Columbia, the Yukon, the North West Territories, Manitoba, Quebec and Nova Scotia.

What gold means to Canada begins with the prospector, encompasses the Royal Canadian Air Force, mining engineers, Polish, Finnish, Ukrainian and Canadian miners, and ends in cities.

The search for a gold strike is a business proposition. The staking of claims, formation of companies, and sale of stock are all the financial background to progress. Rock samples from diamond drill holes, the assay, and the valuation of the veins are technical problems which mean decimals, calculation, and the blanket ordering of millions of dollars of equipment.

Then, Civilization

Then the miner moves in carrying civilization.

Roy Thompson comes last, when the unorganized territory has survived fires, falling prices, become townships, then towns and larger municipalities to which culture must be invoiced like bathtubs and crusher parts.

Before Thompson, gold and the mines have drawn ten to fifty thousand people to the mining areas. The cities incorporated about the camps have retail sales accumulating to \$5,332,900 annually, nine-tenths of it wages from mines. Sixty grocery stores selling dog food in nine languages, twenty-five tailoring, clothing or variety emporiums, and sixty-five proprietors selling one or another kind of community service from brassieres to baby pants have settled in each of them.

Groups of merchants peddle products of the far-away industrialized Canadian east; there are dealers in automobiles, general merchandise, furniture, household supplies, building brick.

Thompson, as the proprietor of a broadcasting company, has the least direct interest in mining of any of them and, like the rest of the municipalities' burghers, lives on the dissemination of millions paid to miners at \$4.84 to \$5.60 a day, and spread about by them for the wants of themselves and their sons, daughters, and women.

An East-West Belt

Principal mining areas in eastern and central Canada run east-west in a broad northern belt from Paskapoo, Siscoe-Lamaque, Cadillac, Rouyn, Noranda, Mud Lake and Duparquet, all in Quebec, through Ontario's north to God's Lake, Herb and Elbow Lakes and Sherritt-Gordon in Manitoba toward Flin Flon, on the Manitoba-Saskatchewan border northwest of Winnipeg.

These are whole mining areas we are speaking of, remember, not single gold mines. And British Columbia has similar fields, running northwest from the interior to the coast.

Ontario's producing gold mines are located in the Porcupine, Kirkland Lake and Larder Lake camps, the Matachewan and Sudbury-Timagami areas, the Algoma, Thunder Bay, Patricia, Kenora and Rainy River districts. Their production in 1939 was a 10.26% increase over the previous years' and an all-time record.

In cities and towns this means Sudbury, Timmins, Kirkland Lake, Geraldton, Red Lake, Cochrane, Hearst, Sault Ste. Marie, Port Arthur and Fort William, all names close to gold mining districts. Others in the chain are Toronto, San Francisco, New York, and London, England. Gold is flowing to these cities away from the mining districts in ever-larger streams.

The meaning of gold to northern Ontario, to Roy Thompson's neighbors, and to the chain of four radio

stations and five newspapers which Thompson built in eight depression years is contained in the names of mines. The Porcupine camp mentioned above is made up of these separate ones: Brouhan Porcupine, Buffalo-Ankerite, Coniarum, Delnite, DeSantis, Dome, Hollinger, Hollinger (Ross), the McIntyre, Moneta, Naybob, Pamour, Paymaster, and newest, Preston East Dome.

One City's Wealth

In Kirkland Lake the meaning is apparent only by translation of names. Bidgood, Golden Gate, Kirkland Lake Gold, and Lake Shore mean \$1,875,000 for canned and fresh foods and another million and a half for meats and fish. Add Macassa, Sylvanite, Teck-Hughes, and fruits and farm products from California, Hawaii, the Malay Archipelago and southern Ontario become \$625,000 worth of business. Another quarter of a million from this one gold city goes out for fruit and farm products grown and sold north of North Bay. The names Wright-Hargreaves, Toburn, and Upper Canada mean on payday an additional \$900,000 worth of clothing, \$600,000 in retail hardware, \$700,000 in motor gasoline and oil beside the amounts the mines use, half a million dollars worth of lumber, \$25,000 worth of coal. Mine payrolls here were eight million dollars a year and created another \$500,000 in payrolls around the community.

At 45, Thompson, like everyone in the north, is there as long as the gold is. His dark hair is greying, and he listens or talks behind thick spectacles with his head cocked uncertainly on one side. An optimist, a salesman who can be sold anything himself if it is speled in quantities large enough, he was jobbing motor accessories at North Bay in the depression, when one of his present employees happened through and sold him two carloads of radios.

Radio, Newspapers

Because of the north's great distances and the lack of a nearby broadcasting station, there was no daytime program service available, and so small chance of selling radios. Thompson secured in 1931 the use of an Iroquois Falls license for a radio station from the Abitibi Power & Paper Co., and set up CFCH, 100 watts, at North Bay using local and outside talent.

Since there were around the hinterland 40,000 gold-miners, lumberjacks and their houses full of children, the station was a moneymaker with local and national advertisers. People want news badly in the north and take eight to twelve newscasts a day. Thompson incorporated his Northern Broadcasting Co., with \$40,000 capital in \$100 shares, and opened CKGB in Timmins to get his first taste of gold. By 1933 he was broadcasting from CKKL at Kirkland Lake too. When the CBC became the Canadian Broadcasting Corporation, these were appointed basic stations in its northern network through the gold camps, and today carry hours of American programs and local broadcasts—Jello, Fleischmann's Yeast, Proctor & Gamble soaps—the feed, flush, and flesh accounts.

With such populations in Southern Ontario towns had daily papers. The gold mines were producing more gold each year, and Thompson thought Timmins could take a daily. By his usual process of buying himself into the red and operating until a property was breaking even or out of debt, he reversed the usual trend in 1934 by adding to radio a newspaper business.

Progress

Timmins and its area has 47,000 people within eighty miles now and the *Timmins Press* these days is a 16-page daily in two sections, with full pages of pictures, comics, want ads, and a circulation of 5,068. During 1938 Timmins Press Ltd. started the *Larder Lake Sun* and the French language weekly *La Voix Populaire*. By January, 1939, it was also publishing at Val D'Or *The Star*, and another French-language newspaper, *La Voix*

de Val D'Or. A year later Thompson's broadcasting stations, still betting to the last card on gold, had been upped from 100 to 1,000 watts at Kirkland Lake and Timmins, a fourth radio outlet was opening at Val D'Or, and the enterprises in the new gray stone offices of radio and newspapers in Timmins had an advertising budget of \$400,000 a year.

Gold, lumber, base metals and lignite are the mainstay of Thompson's cumulative 12,000 in newspaper circulation. Radio ownership in the gold camps, by the way, now totals 85% among the 131,620 people within the 250 miles of mining camps served by the Thompson chain.

One established gold mine such as Noranda in Quebec, owning a copper-gold property not only supports a town. In the fourteen years since it became more than a collection of shacks, Noranda has contributed to the Canadian economy about \$96,000,000. The mining operations of drilling, blasting, raising, stoping, drifting and mucking make the town's employment. The iron and steel and explosives and coal needed were brought in by railway express, cartage and freight to the amount of \$14,000,000. Crushing, smelting and refining, as well as milling and engineering contribute to more than four hundred industries. Two-fifths of the many millions quoted went for supplies in this manner to cities outside the mine's town. A third, spent for wages, kept Noranda alive and kicking. Another \$14,000,000 was spread in sundry municipal, sales, provincial, Dominion, income and excise taxes.

Small Beginnings

Not all mines are gigantic, hence the pins on the map. The pins are feelers for progress. Through the parliament buildings of the Canadian provinces departments of mining, municipal affairs, and industrial hygiene unravel the fabric of gold production to separate strands. Away from the gold towns prospecting is always going on, new ores are being worked on a shoestring—which means that working facilities must have a minimum standard.

Nowadays the mines that bring towns are starting as standard camps of 15 to 75 men, small operations putting in development work to locate ore as cheaply as possible. A gold strike means a permit to operate, and operation means government inspectors, standard specifications for bunkhouses, and standard sanitary facilities and plumbing. For miners work twelve months of the year in their surroundings, instead of the six months usual to lumber and construction labor.

Each of these small places reached by plane, foot, or snow plows and tractor trains along haul roads is a pin on the map at some Queen's Park in Canada, where the number of bunks, size of toilets, and doctor's monthly visits are scrutinized and tabulated.

Cline Lake and Ranson are mines just out of this chrysalis in Algoma. Towns growing up through the district of Thunder Bay are at present all the names of mines in the reports—the Bankfield, Hard Rock, Jellicoe, Leitch, Little Long Lac, McLeod Cock-shutt, Magnet, Northern Empire, and Sand River, Sturgeon River, St. Anthony and Tombill.

Gold in unorganized territory then, means, with lumber, employment for the 5,462 men in the 78 camps from North Bay up to Cochrane. From Kirkland Lake to Hearst there are 117 of these camps in unorganized territory, making work for 10,030 men. A direct line from Algoma north to Hearst intersects eighty more of the camps in which are scattered 4,960 miners and lumberjacks. West from there to the north shore of Lake Superior is a great space on the map, which is bounded in Ontario by a hook of pins swinging east along the road from Fort William into Little Long Lac, where pins cluster thick. Altogether in Thunder Bay there are 155 more camps and 11,477 men.

The Air Trail

The meaning of gold among them is made apparent at Sioux Lookout, flying base for Red Lake, Central Patricia, Pickle Crow and Uchi mines—in terms of cold rolled plate and structural steel, blasting supplies, greases and men. Flying in daily are aviators with rubber clothing, rubber hose, and apples. Lighting plants, refrigerators, drill steel, tea and coffee all hit the air trail along with milk, eggs and butter.

Heavy capital expenditure would have been necessary to bring water

From the Lookout supplies go north

quite a piece, for the newest gold areas at Berens River and Sachigo are a long way out on the northern frontier.

Gold, in just this one end of a Canadian province, and in its earliest stages of development, means thirty-nine operators handling 72 camps maintaining 5,179 men lost comfortably in space with the perquisites of home—shower baths, pineapple juice, girls named Mae, and Petty cartoons.

Behind them towns are growing west, from Bourlamaque's 1,799 confession-saying Catholic souls to the 4,500 Scandinavian agnostics and former wheat growers at Flin Flon.

The gold production supporting these towns in their figurative travels advanced in Ontario during 1939 by 11.65% in tonnage milled and 6.85% in fine ounces recovered. Value of the gold from all sources in Ontario for 1939 should exceed \$112,500,000.

Production Rising

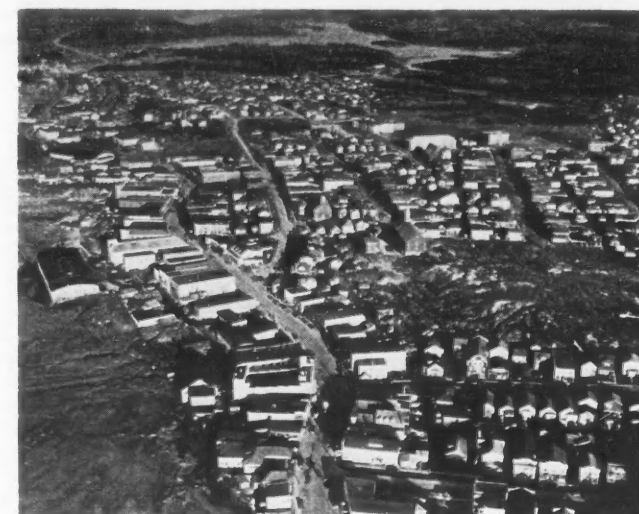
During last December the industry milled ore at the rate of 30,561 tons a day, a slight decline from the 30,632 of November. There was, however, an increase in the recovery of gold, the daily average for December amounting to 8,570 ounces. As a result of this improvement in recovery, average daily production value rose from \$328,693 in November to \$331,209 in the last month of the year.

A comparison between December 1939 and the same month for 1938 shows that the daily milling rate was increased by 11.08%; that the gold recovery was up by 5.28%; and that average daily production value, due in great part to the increased price of gold, was bettered by 15.40%. Hence the jubilation in the Departments of Municipal Affairs—more taxes.

Quebec's gold bulletin for December 1939 also stated that gold, the leading provincial mineral in point of value, had been mined in amount of 943,069 ounces. The province was also on the way to a new record, while Manitoba totalled 178,388 ounces, Saskatchewan mined \$2,799,569 worth and B.C. established a 1939 production close to 627,664 ounces.

The gamble of gold isn't apparent in these figures, but gold is as restless as the prospector and the metal has been finding us new frontiers.

Extending north from Alberta to the Arctic ocean are two great geological sections of this nation—a Sedimentary, containing salt, gypsum, coal, gas and oil—and a Pre-



KIRKLAND LAKE. Grouped around Kirkland Lake are seven big producers: Macassa, Kirkland Lake Gold, Teck-Hughes, Lake Shore, Wright-Hargreaves, Sylvanite, Toburn; and now with the success of Bidgood and Morris Kirkland the section to the east is attracting attention and the producers to the west are gaining in importance.

cambrian, which contacts the eastern boundary of the Sedimentary and lies eastward for thousands of miles to Hudson's Bay in a huge quadrangle from the northern boundaries of Saskatchewan and Manitoba to the Arctic.

Richly Mineralized

This is flat territory containing innumerable lakes, where the vistas of rock are covered with temperatures down to 60° below in winter.

Velvety, rotting, damp, greenish-yellow moss carpets the muskeg in summer. Little wild orchids and dwarf lilies lie at the bottoms of sun-scorched hills of rock, burning hot beneath the shoes, as mosquitoes and bull-flies rise in clouds about the prospector. The rock moss disintegrates like soil in the hand, and on the tongue swells and grows spongy and soft to emit a bitter tea-like juice in the mouth. "Prospector's tea" is the emergency food of men lost in the bush, the final resort when hunger comes. Moss and spruce humus cover the gold veins. Some of the lakes are green and scum-filled, some are muddy, some are red. In these 600,000 square miles the mineralization is known to be pitch-

blende, copper, bismuth, cobalt, nickel, lead, zinc, silver, antimony and gold.

First attention to the district was drawn by Gilbert LaBine's find of pitchblende on Great Bear Lake a decade ago. As LaBine's mine drew pages of publicity gold was located at Yellowknife and Outpost Island to the north, and farther south at Goldfields in 1935.

Upwards of a hundred veins carrying visible gold have been found near the Yellowknife region, which is 120 x 100 miles in area. Today there are 6,300 claims in the 600,000 mile quadrangle, four operating mines, and a fifth mine negotiating its equipment.

Timmins, Kirkland Lake, and Noranda have forgotten when they were boom towns. Yellowknife is within two years of forgetting that it was this continent's boom town.

For a new technique has changed gold mining. The war is intensifying it as the prospectors fly out to join the army. The towns which followed slowly in the footsteps of the Ontario mines, are flung whole onto the veins in the North West Territories.

After the prospector's plane and strike, after the conferences in the

(Continued on Page 35)

Romance of Mining is Shown in Preston East Dome Record

SOMETHING of the difficult romance of mining lies behind Preston East Dome's exceptional record and its first surprising \$5 dividend declared last December in the tenth month of milling.

Preston East Dome Mines Limited was originally incorporated in 1911 to work gold ore. The ground is contiguous to Dome Mines in the Porcupine gold area and the strike was about 20 chains from the big dome of Dome Mines.

The original management optioned the Preston claims as well, which had the misfortune to be burnt out. The company carried on by developing its East Dome holdings but in 1912 funds became insufficient to bring East Dome in as a paying mine. Another Silver Bar claim at Cobalt, Ontario was worked until 1914, but although some silver was shipped and marketed, this third venture failed. The original company was left with a depleted treasury and three patented mining claims.

For twenty years Gordon Taylor and A. E. Osler & Co. hung on, paying the taxes to maintain the shareholders equity.

With the revival in Ontario gold mining and the advanced price of gold declared by Roosevelt, the company took on new life. Colonel D. M. Robertson, as president, reorganized the company. D. G. H. Wright was retained as managing director, and a diamond drill program demonstrated in 1936 that the porphyry contained gold for 1,300 feet of its length, assaying \$5 a ton at the new price of gold. Neighboring drillings on Dome and New Augarita made it possible to deduce a series of lenses of commercial ore.

Heavy capital expenditure would have been necessary to bring water

from Porcupine lake, but the management located artesian water on the property and took the novel step of employing this artesian well in a clean gravel bed 74 feet below the surface of the south west part of the claim, as their water supply. The Ontario Hydro Electric Power Commission brought electricity on the ground under contract by two lines. Later fire sprinklers and modern equipment were installed.

Main shaft No. 2 was sunk. Two hundred and three hundred foot levels were drifted.

Following 10½ months of lateral work, 11 ore bodies had been found on the 200, giving 294,000 tons of positive ore and probabilities of 61,000 tons extra. The 300 level brought in four ore bodies totalling 117,000 tons, and an additional 10,000 tons was located. Reserves of reasonably assured ore were estimated in 1937 at 476,000 tons of .262 oz. grade allowing for dilution. Plans were laid for a tonnage proposition of low to medium grade.

However during 1938 a high grade quartz zone averaging a spectacular \$140.35 was discovered. The main crosscut gave uncut values of \$54.42 across 25 feet. At the end of 1938 the west drift for 72 feet averaged uncut \$28.03 and the east drift uncut acreage for a length of 93 feet was \$337.82. Since the Porcupine Camp has had experience with these deposits of high grade ore, Preston East Dome retained its policy of keeping the grade down to the average of the mine. Development of this deposit has yielded about a million dollars and there is twice that much still in it. The mine approached production with sufficient ore reserves for a mill of 440 tons a day for 4 years in hand.

But the high initial expenses of es-

tablishing a producing mine were not all. A mill had to be financed. The company issued to meet the situation \$700,000 in 6½% five year closed first mortgage bonds. The late Major Edward W. Wright was elected president from the Board of Directors.

Excavation on the mill site began in the fall of 1938. A refinery, crusher house, conveyor, and tailings dam etc. were erected. On March 1st, 1939, mill operations began, and were gradually increased to 425 tons a day during the same winter, ore averaging 22.67 oz. gold per ton. For two months to April, 30th, 1939, bullion production amounted to \$177,937.46. An operating profit of \$105,941.32 was realized on this and a net profit of \$65,797.81.

Preston East Dome, after 28 years of vicissitudes and luck, is a paying mine today.

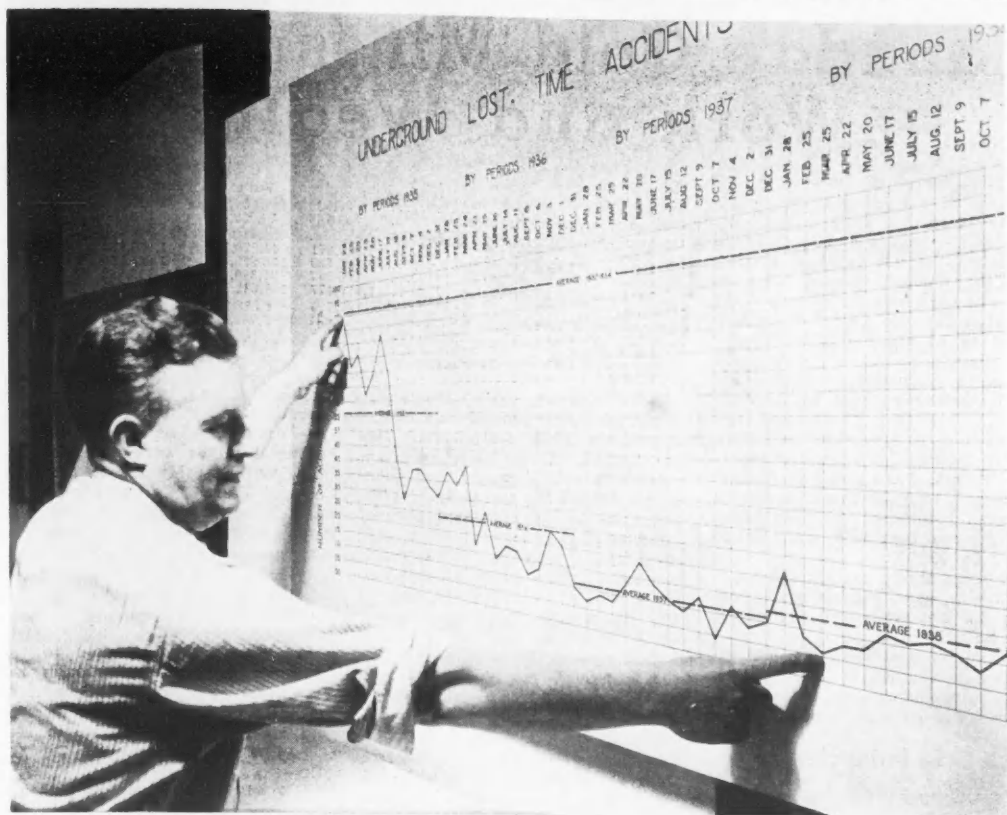
To Nov. 30, bullion production was \$1,792,990.55, and for the ten months of 1939 is approximately \$2,500,000. The dividend declared in December is said to have a chance of being repeated but the directors have made no decision. The profit and loss account, before taxes, amounted in the last week of 1939 to \$1,008,869.

At present the mine is working at a depth of 732 feet, has established new levels at 425,550, and 575 feet. For 1939 the fourth, fifth and sixth levels were developed. Of ore going to the mill, 15% came from development, which shows that the ore reserves are being maintained and increased.

This reclamation of what could still be a non-producing, even an abandoned mine, is due to a combination of efficient mining management and confidence on the part of the shareholders over a period of years. It is that confidence in gold which made this mine possible.



PRESTON EAST DOME, which was originally incorporated in 1911. The ground is contiguous to Dome Mines in the Porcupine gold area and the original strike was about 20 chains from big dome of Dome Mines. The mine was burned out once, underwent numerous setbacks, but faith of directors and shareholders over 28 years has brought it into production and put it on a paying basis.



THE CONSTANT SAFETY CAMPAIGN conducted throughout the mining industry is meeting with success. In this picture an employee at Hollinger points out the drop in time lost through underground accidents from 1935 to 1938.

Promoting Safety in Mining Is Big Business

THERE are so many ways for a careful man to harm himself above or beneath the ground in mining that a whole industry has grown up around the purpose of preventing the man who is gold mining from digging his own grave. Safety appliances of all sorts are being used and recommended in Canadian mines, but the extent of their use is one of the unknown sides of the hard rock trade. SATURDAY NIGHT interviewed Cyril C. Fuller, general manager of the Safety Supply Co., and D. G. Sinclair, chief inspector of Ontario mines, to get the facts on this quarter of a million dollar business.

Asphyxiations, falls, premature explosions, runs of backfill into stopes, or falls of ground, with other causes accounted in 1938 for an accident rate in Ontario mines of 1.97 fatal acci-

dents per thousand men employed. The mathematics of accidents is simple. They subtract from pleasure, add to discomfort, divide one's income, and multiply worries.

To prevent them, combat them, and assist in mine rescues following disasters, educative programs, the training of mine rescue crews, and the invention of many types of safety equipment have been undertaken. The miner who goes below ground in a wet or dry mine is literally dressed for his job, from hard hat with electric lamp, to goggles, respirator, rubber clothing and steel-toed shoes.

Miners' helmets are made of canvas impregnated with bakelite and contain a heavy wire screen in the dome as protection against falling rocks and tools.

The electric lamps attached to them

are operated by a battery worn at the belt, connected over the shoulder by means of a cable to the lamp. This type of lamp and battery is one of the most durable and useful creations of the late Thomas Edison. Over ten thousand of them are used in Ontario alone, and more than twenty thousand throughout Canada. These lamps are rented and serviced for less than \$1.00 per month on eight year contracts, after which they become the property of the mine. They are an advance over the old carbide mine lamp in eliminating the danger of fire, and one of the most familiar routine operations in a northern mining camp is the daily charging of the belt batteries for these lamps in large charge racks.

Prior to 1939, wire screen goggles were used almost entirely to protect

the eyes. When pierced, the screens were often more dangerous to the eyes than no protection. They have been replaced today with strong spectacles with flat glass lenses optically ground and hardened, to be worn throughout the shift. Goggles of this type ward off flying splinters of rock, guard the eyes against dust and flying particles, splashing metal, strong light and glare. The use of them in Canada began in the Kimberly mine in British Columbia. In 1939, goggles were taken up in large quantities by the Ontario mining industry. Hollinger Consolidated now have in use 3,026 pair, Lake Shore 1,154, and Wright-Hargreaves 1,000. The Buffalo-Ankerite mine with 500 pair, Macassa and Young-Davidson mines with 300 pairs apiece and many other Ontario mines also use this type of protection. In the last year more than 6,600 Ontario miners were so guarded.

Preventing Silicosis

Cellulose or plastic shields combined with respirators are also available for use in places where the work is dusty but not so heavy.

Respirators are one of the most important contributions to mine safety. The foremost cause of compensation in the industry is silicosis, caused by inhaling quartz dust while working underground. Silicosis is an inescapable hazard in mines where there is quartz, and the development of respirators was obligatory to offset the inhalation of silica dust into the lungs after blasting, drilling, etc. Silica dust, more finely divided than cigarette smoke, is the chief hazard, although two drillers and one mine manager were asphyxiated by blasting fumes in Ontario during 1938 in spite of rigidly enforced safety precautions.

The surface of a normal lung is equivalent to the land area occupied by a house 31 feet square, so that irritants in the lung affect a tremendous amount of tissue. A lung of one individual who died from silicosis had hardened to such an extent that it had to be removed with a hacksaw. Over the original protests that respirators hampered work, mine managements and safety engineers enforced their use, so that going into the drift after blasting or drilling is less dangerous than it was.

Wet collars on operating drills, dustless drifters, shatter-cut and water blasting, the installation of fans and improvements of ventilation, the wetting down when mucking, chute pulling, or handling ores in other ways, all have been put into effect to bring down the dust count in the air, but the respirator is still required equipment. The best respirator on the market is the Hollinger dust bag, originated by two Canadians, Jones and McLeod, at the Hollinger mine. In the use of this, the miner breathes from the inside of a gum-sealed, very heavily padded chest bag, in which a filter 14 inches square is installed to prevent the minute dust from entering the lungs.

Safety Clothing

Respirators have also been adopted for silicosis from foundry work, and have solved another case of bad breath arising from selenium fumes which made it tough for plant men home from the shift to get near their women.

Safety clothing exists in many industries and is highly developed in mining. Rubber trousers, coat and boots are used extensively. There are steel-stapled gloves for handling rough rock, steel-studded hand pads, and spats, to prevent jagged edges from cutting their palms and feet. Elbow length rubber gloves exist for acid work. In dry mines, steel-toed leather boots with a \$5 indemnity policy for every broken toe are sold. Rubber boots with steel toes are coming into production.

Expenditures for 1937 by Canadian mining companies by provinces were as follows:

Nova Scotia	\$ 3,875
Quebec	21,276
Ontario	163,775
Manitoba	5,380
Sask. & N.W.T.	6,569
B.C. & Yukon	13,548

Total \$214,423

There was a decided increase in this amount for 1939.

One of the oddest adaptations of equipment in mine safety is the basket stretcher in which serious accident cases are brought to the surface. In many cases below ground it is impossible to use the ordinary stretcher. A basket stretcher of wire is a contrivance into which the injured man, however long or short, is strapped so that he may be moved upright, face down, or in emergency positions for the hour or less it may take to get him to the surface and the hospital.

Preventive Cream

In the refining industry one of the newest developments is a preventive cream for industrial dermatitis. Continued work with cyanide, sulphuric, and nitric acids, carbon tetrachloride, oils, gasolines, paints and lacquers has its occupational hazards of rashes, and scabs from skin poisoning. A water-soluble cream has been developed for use instead of rubber gloves, and, spread on the hands forms a protection against chemicals, acids, etc., solving many operating problems at once.

Protection against heat in assaying is given by heavy elbow length asbestos mitts.

Mine rescue is an important field for the use of mine safety appliances.

(Continued on Page 39)

Designers and Manufacturers of



IN PRESENT DAY OPERATIONS . . .

and in planning for future expansion, modern equipment must be considered as a vital part of production programmes. Equipment designed and built by United Steel Corporation Limited has an established reputation for efficiency and dependability—a reputation that has won the respect of Canada's foremost mining engineers and executives.

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In first 14 months of production ending December 31, 1939, output was valued at \$758,919.

By beginning of February, 1940, Company had retired all indebtedness and had liquid capital of \$100,000.

A. E. JUKES,
President.

JAMES ANDERSON,
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over 35% of all dividends paid by Canadian corporations in 1939 were distributed by mining companies

• In 1939, 60 mining companies operating in Canada, paid approximately \$100,000,000 in dividends. This figure represents 65% of the dividends paid by all other Canadian corporations, excluding those operating wholly outside of Canada.

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Canada's Gold Mines Furnish Work and Wealth

GOLD'S usefulness to Canada, like that of a gold coin, has its obverse and reverse sides.

These are wealth and work.

Wealth—the net value of production—the amount created after all the risks have been financed and the freighted supplies paid for—is estimated to be above \$130,000,000 for 1939 alone.

Gold to the value of \$181,274,189 was produced that year as the commodity which the government had no difficulty in converting to dollars. And, in the last five years, the supply of machines, parts, and production equipment to gold mines from all Canadian industries had risen forty-eight per cent over 1935 to amount to nearly \$47,000,000.

For the warring government needing wealth, gold mining must progress—its net value of production must be upheld.

Gold in the past has been of more value to this nation than most of us know. Customarily only mining men are aware of its huge strides.

Three Gold Industries

This country has not one but three gold industries.

The largest one of them, auriferous quartz mining, had 65 mines in operation in 1939, only twenty more, six years later. From 1929 to 1939, that number rose from 85 to 226 producing mines and 553 mines at which operations were being carried out.

Gold makes jobs. Its exploitation is an industrial process which cannot be carried out piecemeal. To build a 200-ton mill a company mining gold must be prepared to spend, on a complete plant, it is estimated, \$1000 a ton or more. As the mine goes deeper, construction jobs are replaced by those of mining and maintenance, and the amount spent on the mine grows ever larger—as does its effect on the Canadian economy.

The size of outlay, the heavy capital expenditure, means in mining districts continuous all-year-round employment night and day.

Canada's gold production is divided into 'alluvial gold mining,' or the recovery of precious metal from the gravel and sands of streams or beaches; the 'auriferous quartz' industry, in which gold is usually the most important economic constituent of the ores mined and is recovered from lodes where quartz is the predominant gangue material; and the 'copper-gold-silver' industry in which gold is found in various other mineral deposits which may overshadow it in weight and value.

Production percentages for the above portions of the industry are: placer—2.50; 80.80 for lode gold; and 11.24 for the copper-gold-silver.

Mining Wealth

Manufacturing produces two-fifths of our wealth in this country, and farming more than another fifth. All mining, that of gold, base metals, and other minerals, occupies third place with about 12% of our net value of national production. Gold's total in the economy is about one twenty-fifth of an annual net value of production around three billion dollars, not as large as it seems but of importance because of the direct wealth produced in a form readily sold for large amounts of cash.

Purchase of supplies by an industry of such size, and their transportation from Denver, Philadelphia, London, Toronto and Montreal, strengthens 43 industries and about three thousand individual supply agencies, manufacturers, and companies. The auriferous quartz mining industry with 30,500 employees alone pays an additional \$52,000,000 within the country in salaries and payrolls as well as the money it sends out for diesel engines from Lincolnshire, machines from Vancouver, San Francisco, and supplies from Louisiana.

The apparently simple personnel problem of keeping the miners in a mine safe while underground is, in itself, a quarter of a million dollar industry.

Fourth Producer

According to preliminary report on gold production, Canada in 1939 ranked fourth, being surpassed by the Union of South Africa, Russia, the United States. Total 1939 production was 5,045,766 fine ounces, about 300,000 ounces ahead of the record of the year before.

This production for the two years, by provinces, is shown in table at top of next column (data, Bureau of Mines, Ottawa).

The North West Territories report-

	1938	1939
	Fine ounces	Value \$
Nova Scotia	26,560	934,248
Quebec	881,263	30,998,426
Ontario	1,258,671	44,273,752
Manitoba	1,030,829	36,259,410
Saskatchewan	606,977	21,350,416
Alberta	2,806,477	101,885,578
British Columbia	185,706	6,532,209
Yukon and Northwest Territories	50,021	1,759,489
CANADA	605,617	21,202,578
	4,725,117	166,205,990

ed a production of 49,633 fine ounces of gold in 1939, and 422,119 fine ounces of silver.

Gold's effect, then, on our economy, is spread far and wide.

At this time the greater part of Canadian production of alluvial gold comes from the Yukon Territory and British Columbia. Of the 147,405 fine ounces which were washed out in 1938, 89,129 was from the former, and 57,759 from the latter. This smallest part of Canada's gold industry reported 103 operators employing 588, distributing \$857,229 in salaries and wages and consuming in fuel and supplies \$118,336.

operating two mines, the Waite and the Amulet. The Aldermac and Normetal mines were also working.

Hudson Bay Mining & Smelting Co., and Sherritt Gordon Mines Ltd., were large producers in Manitoba. British Columbia also has several large producers in plants of the Consolidated Mining & Smelting Co., of Canada, and Britannia Mining & Smelting Co. Ltd.

Practically all of Canada's newly mined gold bullion is sold to the Dominion Government through the Royal Canadian Mint at Ottawa or the Assay Office at Vancouver. This gold is refined, converted into fine

ALLUVIAL GOLD—1938

	British Columbia	Yukon
Number of firms	103	4
Capital employed	5,045,001	7,781,435
Number of employees	588	471
Salaries and wages	857,229	1,194,046
Electricity generated, kwh.	1,579,119	29,949,900
Electricity sold	59,231	3,506,097
Gold recovered, crude oz.	57,759	89,129
Length of ditches, miles	139	48
Gross value of all prod.	1,661,961	2,364,582
Fuel and electricity bought, kwh.	57,414	77,252
Process supplies used	60,922	52,037
Freight cost on shipment	3,549	8,537
Cost of smelter, refinery and mint treatment on material shipped	10,589	17,073
Total net value of alluvial products	\$1,529,817	\$2,209,693

The greatest part of our gold comes from the Canadian Shield, an immense area of Precambrian rocks extending from the Labrador coast westward almost to the mouth of the Mackenzie River near the Rocky Mountains. This shelf is almost half of Canada in size. The deposits in it are of quartz veins, from which most of the gold has been won up to now, and sulphide deposits which produce a smaller but quite considerable portion of the yield. To the individual units scattered over this great area go mine and milling supplies by air express, rail freight, by flatbottomed steamer and barge, snow-plough and tractor train.

More Mechanization

Mine workers, both surface and underground, are employed. Milling employees average about one to every 12 miners at work. The ounces of gold produced by each wage earner per year have fallen since 1928 with the expansion of the industry from 206 to 150, while the cost of wages per ounce of gold dug has risen from \$7.45 to \$11. The grade of ore worked and milled has fallen at the same time from 0.41 ounces of fine gold per ton to 0.28, denoting the industry's advance in efficiency. Increasing mechanization is evident as well. There are over 8,200 steam engines and steam turbines, diesel engines, gasoline engines, hydraulic water wheels, and electric motors operating in the industry, with an additional reserve of seven hundred units idle or in repair. More than 6,300,000 gallons of fuel oil and diesel oil are spread east and west from Turner Valley and American producers to keep the industry operating, and 750,000,000 k.w.h. of electricity generated.

Mining of copper-silver-gold ores in Canada is confined for the most part to the provinces of Quebec, Manitoba, Saskatchewan, and British Columbia. There is however, in addition to the copper recovered from ores of this type a large and increasing quantity of the metal obtained in the smelting and refining of the copper-nickel-ores mined in the Sudbury area. Mining operations on Canadian copper-gold-silver deposits during 1938 were reported by 37 firms.

Premier Metal Mine

The Horne mine, in Rouyn Township, operated by Noranda Mines Ltd., is easily the premier metal mine of Quebec. It is also the third largest producer of gold in Canada and one of the most important workers of copper. Waite-Amulet Mines Ltd.,

gold bars weighing about 400 ounces each, and sold in world markets wherever the best price can be obtained.

The estimated average price for a troy ounce of fine gold for 1939 was \$35.93, in New York, and \$39.18 in Canadian funds.

Effects of gold mining on the Canadian economy are very visible in part, for they are felt most on the ground about the mines. In the end, every dollar a mine spends is for the purpose of getting something useful to gold mining on the ground, yet there is a point where the results of spending take influence on the human spirit. The formation of towns is an integral part of getting a labor supply for gold's production. Employment means to a miner a living for himself and three or four of his dependents, which is a poor way of saying that a man can make sufficient money in the mines to have around him almost everybody he likes well enough to live with. Gold's visible effect in gold towns has been the provision of a standard of living among Canada's highest.

Health a Necessity

As we have space and a small population, progress in this nation is concerned with the development of strategic resources. Gold mining is an arduous task needing healthy men. The mine payrolls, and the choice of the workers as to the way they'll spend upon themselves what they receive, has given a gold town one of the best group health plans in this country. Health protection at the Hollinger mine extends not only to miners but to a total of 9,000 wives, babies to come, aging parents, and boys growing up to mine gold.

It should not be imagined that the successful and profitable development of a mine depends solely upon the working of any body of ore stumbled upon. Even in the case of occurrences of free-milling gold ore, a long and expensive process of exploration is necessary before the possibilities of a property as an economic producer can be determined. Since only a very small percentage of mining claims, though showing promising indications of mineralization, ever develop into profitable production, the \$69,000 office and recreation hall put up by Dome Mines, the total \$27,000,000 spent by Lake Shore for supplies since 1918, the annual \$3,456,007 it costs to run Little Long Lac, the \$90,000 spent by Wright-Hargreaves in employee group insurance, silicosis, workmen's compensation, property taxes and insurance, are all the more remarkable in the industry.

THE COPPER-GOLD-SILVER MINING INDUSTRY IN CANADA—1938

Year	No. of active operators	No. of operating plants or mines	Capital employed \$	Number of employees	Salaries and wages \$	Cost of fuel and electricity \$	Value of freight and other charges on ore, slag, etc. \$	(d) Smelter and refinery and mint costs \$	Gross value of bullion, ore, concentrates or residues shipped from mines \$	Net value of bullion, ore, concentrates or residues shipped from mines \$
1923	14	14	19,108,072	1,790	3,064,292	334,696	1,361,488		2,159,907	613,314
1924	14	14	22,546,697	1,790	3,064,292	334,696	1,361,488		2,159,907	613,314
1925	14	14	28,461,682	3,420	5,040,196	534,152	1,324,163		2,159,907	613,314
1926	19	21	40,732,717	2,738	5,473,325	495,843	1,519,897		2,159,907	613,314
1927	21	23	7,133,258	2,164	8,240,614	891,088	2,402,821		2,159,907	613,314
1928	22	23	65,418,729	5,577	8,921,465	1,100,284	2,795,492		2,159,907	613,314

THE AURIFEROUS QUARTZ MINING INDUSTRY IN CANADA—1938

Year	No. of active operators	(c) No. of operating plants or mines	Capital employed \$	Number of employees	Salaries and wages \$	Cost of fuel and electricity \$	(b) Cost of process supplies used \$	Value of freight and other charges on ore, slag, etc. \$	(d) Smelter and refinery and mint costs \$	Gross value of bullion, ore, concentrates or residues shipped from mines \$	Net value of bullion, ore, concentrates or residues shipped from mines \$
1929	80	85	135,186,105	8,660	14,258,733	2,579,481				37,275,986	613,314
1930	80	85	146,958	508	507,806	83,714	226,186	2,889	11,401	937,504	1,415,501
Nova Scotia	22	22	1,466,958	5,471	8,407,383	1,325,816	2,859,264	76,649	438,177	20,315,407	81,575,525
Quebec	168	169	47,027,201	18,528	32,855,072	4,760,388	11,736,320	8,257	1,160,724	99,364,867	2,940,902
Ontario	184	188	167,836,682	714	1,269,044	235,750	425,765	8,353	43,789	3,653,893	(-161,786)
Manitoba	12	12	6,753,690	210	358,005	90,244	71,542			18,635,187	14,258,079
Saskatchewan	6	6	556,786	3,879	6,194,431	686,023	2,684,212	288,161	618,709	240,003	(-409)
Br. Columbia	128	137	23,594,496	304	569,660	112,608	290,211	808		114,472,106	
N.W. Territories	15	15	3,966,489	1	690		400				
Yukon	1	1	1,500	29,647	50,462,092	7,494,573	18,314,500	590,107	2,275,625	143,146,911	
CANADA	535	550	251,203,802								

Medical Care of Miners

MINERS are no lilies, but the toughest of them subconsciously begins to worry as he steps over the lip of the surface into the mine cage taking him underground.

Daylight is a memory, going down 2,000 feet a minute with the cage racking the greased guide-rails, and both fear and the thought of safety whether recognized or not lie in the back of each head. The deeper a mine goes into the earth, the heavier and more devastating the psychological effect of accidents becomes. To offset this, and maintain not only production in this country's mines, but wartime efficiency as well, is the Canadian industry.

Canada's methods of accident prevention and medical care in our mines are not only effective enough to teach things to the rest of the world's mines, but carry humanitarian principles which are spreading far from the mines to touch the everyday lives of us all.

There are 30,000 miners working in Ontario alone, the largest Canadian mining province. The idea in hiring a miner is to get a healthy chap, make as certain as possible from his physique, past history and surroundings that he won't be affected by underground conditions, and to keep him healthy as he works.

Young men, close to the peak of their earning power as laborers, are hired, and to those of them who have been below ground the aura of rock-bursts, disaster and silicosis will hover on this paper as they read here. The fact is that group insurance rates in Ontario are less for gold miners than for paperhangers, and decorators, or chain store workers.

Close Examination

At Timmins, in the Porcupine Camp, the Sudbury area, and at Fort William (for Red Lake, Uchi, Pickle Crow and Kenora) every applicant for a job in Ontario's mining industry is examined by a Compensation doctor, has a chest-plate or X-ray picture taken. There is a second examination by the mine doctor for general physique, presence of hernia, or eye defects. An estimate of eye vision is made and kept in case of future claims following real or fancied injuries or impairments.

Standards are high. Men with old healed tuberculous scars are not accepted, especially if there has been any lung involvement. Cases with a history of tuberculosis in the family, or recent exposure to the disease are not taken. Heart conditions which ordinarily might be missed are detected. Persons with long hearts, which do not contract well, are not accepted. Long, flat chests, badly shaped to combat silicosis, are not accepted.

Finally, whether or not the applicants have worked in mines, those showing general estimated increase in linear markings of the lungs are excluded as not good risks for dust exposure. Such markings occur in farmers, and in many other laborers whose occupations have exposed them to dust. If taken underground in silica dust, these men are apt to develop silicosis.

Three things are fundamental in Canadian medical care as it concerns mines. The system tries to reduce the cost in terms of human suffering, tries to reduce the money costs of accidents, tries to increase efficiency.

The sixty-five mines which are members of the Ontario Mining Association, employ 28,000 men of the above number in the mining industry, or more than twice the number of those with mining jobs in any state in the United States. All these men are covered by the Workmen's Compensation Act of Ontario. There

is no re-insurance or individual coverage.

Benefits under this act are greater than in all but a few American or British mines. There is no limit of time for the payment of compensation or medical aid, although the amount of compensation for total payment or total partial disability is limited to 2/3 of the maximum of \$2,000 a year. There is, however, no limit to the amount of medical aid, and cases of estimated cost up to \$23,000 and in one case \$55,000, have been handled.

As stated, those who receive injuries for which they get a pension, are generally at their maximum earning capacity. This pension continues at the same rate as long as they live, even though they may pass the age when they can work for a living. If they die as a result of the injury and leave dependents, these also receive a pension.

Employers Pay Cost

The liberality of the Act is reflected in the assessment rates which are charged to meet the costs of compensation and medical aid, pay the cost of administration and provide for contingencies. The total cost is paid by employers. Neither the government nor employees contribute anything. The average rate for the mining group from 1920-1937 was \$2.80 per \$100 of payroll. The present rate is \$1.75 per \$100 of payroll.

This rate is an index of the hazard, frequency, and severity of accidents. The lower the rate the better the condition it portrays.

The rate is not lower because compensation is now based on 66.2/3% of average earnings instead of the 55% legislated when the Act first came into force. Complete medical aid has been added since that time. A greater number of men have been employed. A great increase has been made in depths worked, which increased hazard. A substantial increase of wages has come about. The Act, over the course of years, has been amended and more liberally interpreted. Most recently another substantial increase in costs resulted from the necessity of capitalizing pensions on a 3 1/2% basis instead of the 5% basis used prior to 1936.

Mining in Ontario, as elsewhere in Canada, is a large industry with a number of individual units spread over great areas up to a thousand miles in extent, and widely separated from our cities and towns. Most mines go into the bush by air, are plopped down on the site, and take a town in with them. To get satisfactory medical service as well as lower accident costs, there must be (a) good first aid service, coming up to Workmen's Compensation Board standards; (b) incessant education; (c) prompt, proper surgical treatment of an injury as soon as possible through local medical services at the mine; (d) specialist service, almost always the best that can be had, for mine accidents are usually serious.

Hospitals

Hospitals are spread through the north because the mines brought them in. In the Porcupine district there is a Roman Catholic hospital with 100 beds, and a 27-bed hospital run by mines and employees. At Kirkland Lake is the 50-bed hospital erected by the town and mines, to which an extension costing \$100,000 is being added. These serve Kirkland Lake and Larder Lake. As well there is the old hospital at Cobalt, remembered by almost everyone in the Ontario north.

Sudbury has two hospitals, that of the International Nickel Co., at Copper Cliff, and a Sisters hospital in town. West to Little Long Lac the mines are served by a 25- to 30-bed hospital built by the mines of

the area on the property of the Little Long Lac mine. Jellicoe has a Red Cross hospital of 5 beds for patients from the Beardmore district. Sault Ste. Marie has a Red Cross hospital at Hawk Junction on the Algoma Central Railway, serving Michipicoten and the Sault area.

From Sioux Lookout, the flying base for northern mining operations in the province, there is another Red Cross hospital. The Pickle Crow and Central Patricia mines have two other small emergency hospitals of six beds near their shafts. Red Lake also has another small hospital operated by the Howey mine for the district. All these have X-rays and modern equipment except the one in the Madsen area.

At Berens River, in the Favorable Lake area, there is the farthest north hospital in the province, a four-bed affair, 30 x 52 feet, with operating and X-ray rooms, and quarters for two nurses. Kenora, much to the south has one general hospital, and another Sisters hospital.

The idea behind mine hospitals is that they have everything needed for emergency treatment that a large hospital must have, and an air connection with our modern city hospitals. Red Lake, for instance, sends many patients by air to Winnipeg, but likes to keep Ontario compensation cases in Ontario.

Miners, working below ground, are probably the most fastidious eaters in the north. Latest practice in industrial hygiene has been in the construction of "drys" at the new mines going in. These are made with cement floors, and spray wash, so that a man coming from underground enters them, runs his working clothes overhead on a padlocked chain to dry, gets into his street clothes kept in his locker, and leaves for supper. Any injuries can be treated as they come off the shift, and dressed. "Drys" and refrigeration for whole carcasses of beef brought in by tractor train, canned grapefruit and vegetables by air, are responsible for the flabbergasted look on the visitor spending his first night in a mining camp. Peaches from New South Wales, hardwood floors, short-wave radio, and the general self-contained efficiency around a mine create an unforgettable impression of the Canadian frontier in the tourist who expected moose meat.

Public Health

To return to the question of health, it is the belief that first aid promptly applied prevents many mining cases from becoming long compensable actions through infection. Under provincial regulations, an employer is responsible for the health of his employees who are not covered by compensation. Hence public health measures originated in more settled districts are applied wholesale in the north. Toxoiding, vaccine injections against typhoid fever, smallpox, and tetanus and diphtheria serum are used. Water supply is tested, and chlorinated, sewage strictly supervised. Flies are controlled, especially around Central Patricia, where inch-long moose flies and "bulldogs" swarm for a month, bite hunks from a man, and sit companionably on his boot to chew 'em up.

Control of tuberculosis is the most important public health and mining problem which medical care has had to solve in the North. In new camps, tuberculosis can be completely controlled. In the older, larger camps at Kirkland Lake and Timmins, no such control can be maintained. Under the Mines Act a man, once X-rayed and accepted for employment by the mining industry has an annual examination and an X-ray plate made of his chest once a year as long as he is working underground. Surface men, applicants, and under-

ground workers are all examined, since T.B. and silica dust do not mix, and the industry feels that the prevention of tuberculosis is the greatest step in the prevention of silicosis. Indeed, it emphasizes this whenever possible.

In cases of death from tuberculosis or silicosis, a pension of \$40 per month is paid to the widow, with an additional \$10 a month for each child (Continued on Page 40)

EAST MALARTIC

What are the possibilities in this outstanding Malartic Gold area property? Send for Bulletin "S".

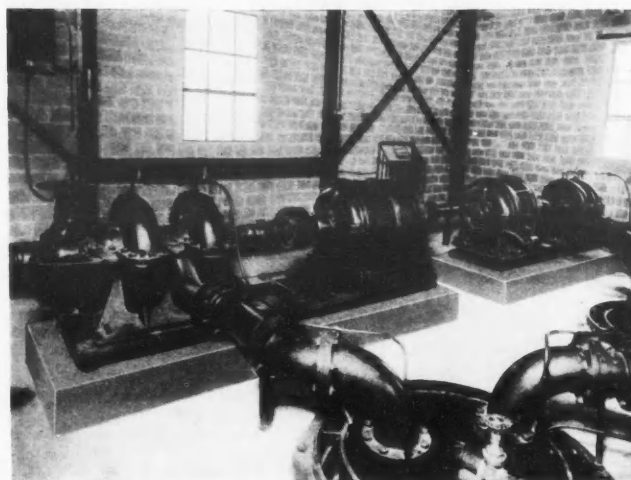
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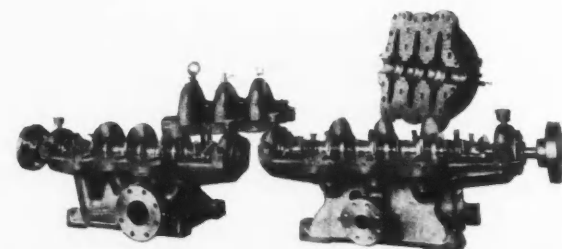


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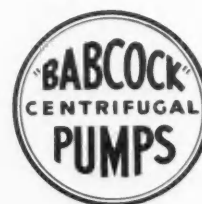
When Mines need to move water

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TIMMINS, which owes its existence to the staking and development of the Hollinger Consolidated Gold Mines, Ltd.; its name it derives from the late Noah Timmins who played the leading part in the development of Hollinger. Its population is now approximately 22,000.

British Columbia's Gold Output Shows Steady Increase

MORE than that of any other Canadian province, the history of British Columbia has been inextricably associated with the search for gold.

In the eighteenth century Spaniards are believed not only to have carried out placer operations on Vancouver Island rivers but also to have investigated lode deposits not far from the Zeballos area which has latterly become an important factor in the Province's gold production.

Prior to the gold rush up the Fraser River in 1858, the only settlement on the mainland of British Columbia consisted of isolated fur trading posts.

Cities and towns sprang up in the wake of the gold seekers and the development of both coastal and interior areas would have been much longer delayed had it not been for seekers after placer gold and, later, prospectors for lode deposits.

Lode Mining Begins

Until the eighties attention of prospectors was devoted almost exclusively to placer operations; but from then on lode deposits commenced to attract attention and by the middle nineties lode mining was established on a sound and profitable basis. From 1858 until 1900, placer gold to the value of \$62,500,000 was won from the streams and benches of the province. Early in this century value of placer production commenced steadily to decline and reached a low of \$118,000 in 1929. In the succeeding years it has again been moving upward, probably due in part to the establishment, by the Provincial Government, of placer mining training camps. Of considerable benefit to both placer and lode prospectors also has been the practical help of the B.C. Chamber of Mines in the form of classes for prospectors and the dissemination of useful information regarding potential mineral areas worthy of investigation.

In 1936 placer output again exceeded \$1,000,000 for the first time in over 30 years. In 1937 it was more

BY REECE H. HAGUE

than \$1,500,000, the largest annual output for well over half a century, and in 1938 climbed to \$1,670,000. Production for 1939 was around \$1,500,000.

While British Columbia is often regarded as primarily a base metal province it is interesting to note that in both 1938 and 1939 gold production had a greater value than that of any other metal mined.

Recent Growth

Although gold mining has for so long been an established B.C. industry its importance has very materially increased in recent years and has been particularly marked in the last half decade.

From 1897 to 1933 gold output fluctuated between \$2,500,000 and \$7,000,000 annually. In 1934 it jumped to nearly \$11,000,000. Production in 1935 was valued at \$13,750,000; in 1936 at \$15,420,000; 1937, \$17,680,000; 1938, \$21,284,000. While final figures for 1939 are not yet available it is estimated that output will be around \$22,700,000, a new all-time high record; bringing total production of gold since the industry first commenced to \$335,000,000.

In 1934 there were three B.C. gold mining companies paying dividends; by 1939 the number had increased to twelve and aggregate distributions to the end of last year totalled around \$53,000,000.

Big Producers

In 1934 three B.C. gold mines produced in excess of \$1,000,000. In 1939 there were seven million-dollar producers: Bralorne with an output of over \$3,500,000; Pioneer just under the \$2,000,000 mark; Silbak-Premier and Cariboo Gold Quartz both between \$1,500,000 and \$1,750,000; Privateer, Sheep Creek and Kelowna Exploration. Six other mines, Island Mountain, Gold Belt, Spud Valley, Relief Arlington, Hedley Mascot and Big Missouri had an output of over \$500,000.

Pioneer Gold has distributed over \$21,000,000 in dividends in the 20 years since it was incorporated; Pioneer, which made its first payment in 1931, has distributed more than \$7,000,000; Bralorne, which commenced payments in 1934, in excess of \$5,000,000 and Privateer, which was a raw prospect in 1937 and commenced milling in November, 1938, paid out 22 cents a share in dividends in 1939. Other companies which have also established an enviable dividend record in a comparatively short period of production include Sheep Creek, Cariboo Gold Quartz, Kootenay Belle and Island Mountain. Gold Belt, after fourteen months' production, has entirely paid off its loan of \$200,000 to North American Mines and built up liquid capital of over \$100,000.

Governments Benefit

Although there are a great many shareholders who derive dividends from B.C. gold mining companies, thousands of men who depend upon the mines for their livelihood and a large number of supply houses, transportation services and so on which are to a very large extent dependent upon the prosperity of this industry, the largest single beneficiaries of gold mining are the Federal and Provincial governments, whose joint equity in B.C.'s gold production approximates 35%. The Dominion Government claims 18% and the Provincial Government 10% of net profits and also acquire additional revenue through taxes on land, on individual incomes from mining dividends and on salaries and wages of mining company employees.

The person who invests in a gold mining stock realizes, or should realize, that mining is subject to vicissitudes greater than those which affect many other industries; that a mine must be regarded as a wasting asset and that consequently return over the period of a mine's life should be greater than from many other forms of investment.

Building Reserves

The majority of British Columbia gold producing companies are at the present time endeavoring to build up liquid reserves so that when the mines from which they are at present deriving their revenues are exhausted they will be in a position to develop new properties; but in order to maintain reasonable dividends, pay the high wage scale existing in the Province and still add a little each year to liquid capital, it is essential that the governments, both Dominion

and Provincial, make no additional demands, and that in return for the very substantial revenue accruing to them from gold mining they also give gold mining companies every reasonable protection against unfair employee demands.

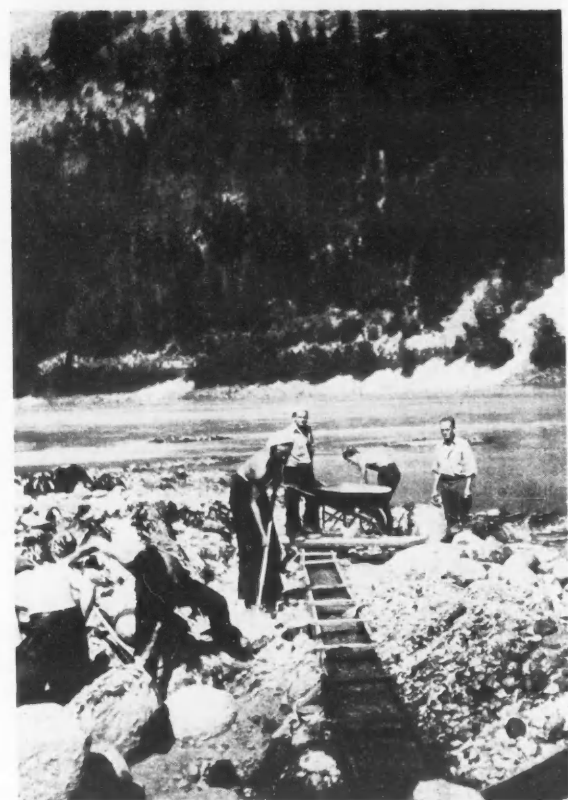
B.C. gold mining companies treat their employees generously. Some of the largest have already signified their intention of sharing all additional profit from the bonus on gold between shareholders and mine workers. Bralorne recently introduced a system of semi-annual bonuses to employees based on length of service. First payment under this plan ranged from \$48 to a man with six months service to \$204 to a man with 10 years service.

Healthy Condition

The above figures seem to clearly indicate that employees at British Columbia gold mines have little of which to complain and that their stake in the prosperity of the gold mining industry is by no means a small one.

The industry as a whole is in a very healthy condition. Some of the old ideas such as the one that British Columbia gold deposits did not extend to depth have been exploded by results at Bralorne and Pioneer. It is true that in some cases gold deposits are inclined to be small and irregular and difficulty is experienced in building up large ore reserves ahead of milling, but with experience difficulties which originally faced operators of gold mines are being overcome. In many cases high gold content of the ore off-sets irregularity of the orebodies.

The steady increase in gold production as described earlier in this article indicates that even after many years' active operation the industry in the Pacific Coast province still has its best days before it. Development of new properties is proceeding systematically. Gold output



PLACER TRAINING CAMP at Emory, B.C. Placer miners in British Columbia are scientifically schooled for their jobs by the government. Lectures on geology, placer gravelling, panning, sluicing and hydraulics are provided.

in 1940 is expected to be enhanced by several new producers and by the end of the year the ranks of dividend payers may be added to. There is every reason to anticipate a period of prosperity for the B.C. gold mining industry providing prices of the yellow metal are maintained and producing companies are permitted by Dominion and Provincial governments to retain a reasonable proportion of their earnings for dividends to shareholders and for building up a reserve against future contingencies.

Arduous Freightage of Supplies Makes Stirring Northern Drama

Miles of trackless muskeg, bush, and frozen lakes prove no obstacle to hardy freight crew—everything from matches to mine timbers takes a sleigh ride into God's Lake

SHORTLY some six thousand folks scattered widely over points north, south, east and west, will be in receipt of cheques bearing the legend "God's Lake Gold Mines—Dividend No. 2." The same people received similar cheques last October. There will likely be others sent out from time to time.

Behind these pieces of paper instructing the bank to "pay to the order of" lies a human interest story packed with drama from which a dynamic scene is currently being re-enacted.

The stage is the wintry wastes of northern Manitoba, studded with countless frozen lakes and streams, blanketed deep in drifting snow. For lighting effects there is the sun by day and the eerie northern lights by night, for like Chinese plays, this goes on day and night with little respite for the actors.

The cast is a band of parka'd, two-fisted "trouble shooters," sixty to seventy strong, expecting anything from blizzards to sudden immersion in frigid lake waters—and quite capable of coping with either. For music there is the howling arctic wind—of audience there is none. Needless to say this is no exotic Hollywood production—it is stark realism at fifty below.

A scenario writer would give the drama a stirring title, but in the prosaic language of mining men, it falls simply under the terse heading, "freighting."

Perhaps before going further it might be well to explain that the prologue occurred back in 1933 when "Bob" Jowsey, founder of the present company, stood on the lonely shore of God's Lake and dared to dream that the gold "show" he had uncovered could be nurtured and made to bloom into a tall headframe rising above a mine shaft, surrounded by mill buildings and townsite to house a thriving community.

To make any such dream come true a solution had to be found for the major problem of transportation, for at that time God's Lake boasted no "store around the corner," and the nearest railway point was 130 miles away. Between lay 59 lakes and 17 streams, not to mention miles of muskeg and bushland. A formidable obstacle, it must be admitted. Summer hauling was out of the question, and so it resolved itself into a question of enlisting the aid of the northern winter. And this was how it was done.

Each year in mid-January a fleet of tractors, some with snowplows and some without, make their annual appearance along with their trains of sleighs at Ilford, jumping off point—and from then till the end of March, the arduous trek is on. Everything to sustain a hardworking community in life and comfort for the period of a year, plus the multitudinous needs of a growing mine—everything in fact from matches to mine timbers—takes a sleigh ride.

This year's haul is abnormally heavy—2500 tons are labelled for God's Lake, and an additional 1400 tons are destined for Sachigo River, 120 miles beyond God's Lake. The normal vol-

ume of freight for God's Lake has been increased this year by the inclusion of equipment for the new 2000 ft. shaft.

If you don't think about it, 3,900 tons may not sound so much to those of us accustomed to see 50-ton box cars casually loaded and unloaded on conveniently placed railway sidings, but in terms of 5-ton trucks it assumes impressive proportions. This year's freight would fully load a cavalcade of 780 such trucks. Now reduce it further to "swings" which consist of two tractor drawn trains of four to seven sleighs each, and a caboose. Eliminate all publicly built and maintained highways, substitute trackless miles of drifting snow and treacherous ice, and the job assumes proportions in keeping with its formidable nature.

Tractor trains can make about 50 miles progress in a 24 hour day—continuous operation is provided for by double crews and a cook—so barring mishaps, a round trip to God's Lake requires about 5 days, and one to Sachigo, ten days.

And this is where the real drama begins, for regardless of every precaution mishaps do occur occasionally. When an unsuspected air hole in

otherwise solid ice allows a tractor to plunge through, the real character of these resourceful northerners comes out in bold relief. So expert have they become in extricating "drowned" machines that in several years' operation not a single tractor has been permanently lost, though some have gone down in water 80 to 90 feet deep.

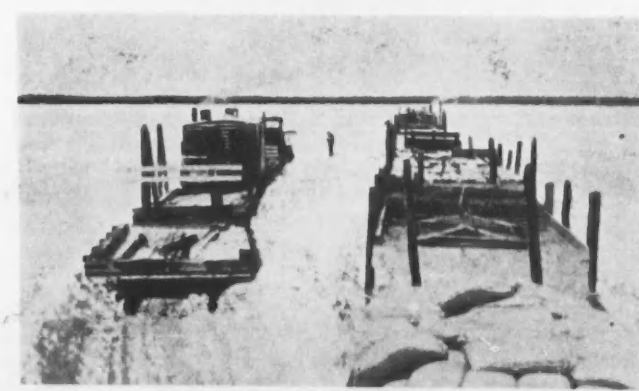
Last winter a driver lost a tractor through the ice in 12 feet of water. Lacking the customary grappling irons employed in such an emergency, he stripped off his clothes, dived into the frigid water, and fastened the cables himself, although at the time it was well below zero. But the machine was raised and put to work again.

And so the undertaking goes on, day and night, in order that through the coming year the men who run drills, who load ore cars, who hoist the ore for milling, the mine staff who direct operations, and all their respective families, may continue the job of turning out gold bricks secure in the knowledge that no ration cards will be needed.

This is but one dramatic chapter in the colorful story behind those dividend cheques.



LOADING AT ILFORD for God's Lake. Ilford is the jumping-off point and each year tractor trains start their trek from here in mid-January and from then until the end of March a steady stream of supplies is freighted into God's Lake. This year, 3,900 tons will be taken in: 2,500 tons for God's Lake and 1,400 tons for Sachigo River.



TWO TRAINS EN ROUTE to God's Lake. Transportation has been one of the major problems at God's Lake where the nearest railroad is 130 miles away with 59 lakes and 17 streams in between, not to mention miles of muskeg and bushland. Tractor trains solved the problem.

B.C. GOLD PRODUCERS PRICE AND YIELD TABLE

Company	Stock Price			Yield		
	Dec. 31, 1937	Dec. 31, 1938	Dec. 31, 1939	1937	1938	1939
Bralorne	\$8.00	\$10.10	\$11.00	9.37	9.13	10.9
Cariboo Gold Quartz	1.68	2.02	2.20	6.81	7.33	9.09
Hedley Mascot	1.94	1.27	50	12.4	20.77	25.7
Island Mountain	70	1.34	88	7.01	7.36	17.04
Kootenay Belle	93	1.55	77	9.67	28.37	28.37
Pioneer	2.95	2.15	2.15	16.94	16.92	18.4
Privateer	1.00	1.28	94	22.1	22.1	22.1
Premier	1.90	2.25	1.40	8.42	5.37	8.28
Reno	39	92	56	20.34	17.72	2.68
Sheep Creek	90	1.22	1.22	11.11	14.38	13.34
Silbak-Premier	1.90	1.78	1.20	4.5	16.66	16.66

BRITISH COLUMBIA GOLD PRODUCERS

PRODUCTION TABLE

Company	Incorporated	Ore Reserves (Tons)	Mill Capacity (Tons Daily)	1937	Gross Output 1938	1939	Average Per Ton Recovery 1937	1938	1939	Working Capital
Bralorne Mines Ltd.	1931	600,000 (Dec. 31, 1938)	550	\$2,894,299	\$3,636,325	\$3,791,521	16.96	\$23.14	\$19.96	\$1,667,555 (Dec. 31, 1938)
Cariboo Gold Quartz Ltd.	1927	342,750 (July 31, 1939)	300	1,098,855	1,317,563	1,661,211	15.10	14.56	14.58	556,475 (July 31, 1939)
Gold Belt Mining Co. Ltd.	1933	40,134 (April 1, 1939)	130	156,963 (2 Months)	601,950		12.27 (2 Months)	10.47		100,000 (Jan. 31, 1940)
Hedley Mascot Mines Ltd.	1934	Not Estimated	230	810,822	837,848	575,000 (Approx.)	15.71	13.12	Not available	413,485 (Dec. 31, 1938)
Island Mountain Mines Ltd.	1933	55,600 (Dec. 31, 1938)	123	487,223 (9 Months)	647,022	704,631	14.57	14.40	15.22	259,314 (Dec. 31, 1938)
Kootenay Belle Gold Mines Ltd.	1933	15,631 (May 1, 1939)	100	586,000	693,000	681,237	14.22	15.62	13.30	236,810 (Feb. 28, 1939)
Pioneer Gold Mines Ltd.	1928	470,470 (March 31, 1939)	400	2,148,000	1,989,600	1,477,000 (1 Month)	Not Available			1,597,919 (March 31, 1939)
Privateer Mine Ltd.	1937	61,616 (July 31, 1939)	75	323,826 (3 Months)	1,149,402		50.33	42.70		83,320 (July 31, 1939)
Relief Arlington Mines Ltd.	1905	83,261 (Dec. 31, 1938)	70	455,326	429,293	520,323	13.86	14.74	16.52	90,000 (June 30, 1939)
Reno Gold Mines Ltd.	1921	Not Estimated	140	793,896	676,184	185,211 (4 Months)	17.39	Not Available		388,073 (June 30, 1939)
Sheep Creek Gold Mines Ltd.	1935	132,338 (May 31, 1939)	160	844,920	913,560	1,002,376	16.55	17.04	18.14	497,374 (May 31, 1939)
Silbak-Premier Mines Ltd.	1937	217,509 (Dec. 31, 1938)	600	980,534 (7 Months)	1,750,046	1,735,462	8.75	9.52	10.18	1,000,000 (approx.) (Dec. 31, 1939)
Spud Valley Gold Mines Ltd.	1937	20,000 (Oct. 31, 1939)	50			529,944			25.83	
Ymir Yankee Girl Mines Ltd.	1934		140	406,978	400,591	477,842	10.16	9.98	10.12	168,334 (Aug. 31, 1939)

Estimated 1939 production of other B.C. gold mines not included in above table was: Kelowna Exploration, \$1,000,000; Big Missouri, \$650,000; Surf Inlet, \$415,000; Osoyoos, \$200,000; Vadeite, \$120,000; Mount Zeballos, (1 month), \$92,200.

BRITISH COLUMBIA GOLD PRODUCERS

EARNING AND DIVIDEND TABLE

COMPANY	CAPITALIZATION		NET EARNINGS PER SHARE				DIVIDENDS			Total per Share to Date to Dec. 31, 1939	Aggregate Payments	
	Shares Authorized	Par Value	Shares Issued	1937	1938	1939	Commenced	1937	1938			1939
Bralorne	1,250,000	N.P.V.	1,247,000	\$0.99	\$1.41	Not yet available	April 1934	\$0.75	\$0.95	\$1.20	\$4.2 1/2	\$5,330,925
Cariboo Gold	2,000,000	\$1.00	1,333,309	25	34	37 (Approx.)	Oct. 1935	11 1/2	17	23	61	813,318
Hedley Mascot	3,000,000	1.00	2,264,130	14 1/2	17 1/2	Not yet available	Jan. 1938	—	16	11	27	611,313
Island Mountain	1,100,000	50	1,050,716	01 1/2	10 1/2	13 (Approx.)	July 1936	05	10	15	43	424,286
Kootenay Belle	750,000	50	675,200	20	23	Not yet available	April 1938	—	15	18	33	222,816
Pioneer	2,500,000	1.00	1,731,750	52 1/2	48 1/2	45	April 1931	50	40	40	4.18	7,322,315
Privateer	2,500,000	N.P.V.	2,454,080	—	—	Not yet available	Feb. 1939	—	—	22	22	539,897
Premier	5,000,000	1.00	5,000,000	15	06 1/4	Not yet available	Jan. 1921	16	12	12	4.22	21,158,075
Reno	2,000,000	1.00	1,880,000	14	09 1/4	07 1/2	Jan. 1935	12	10 1/2	01 1/2	30	940,000
Sheep Creek	2,000,000	50	1,875,000	18	23	22	July 1936	10	14	17	45	843,750
Silbak Premier	3,000,000	1.00	2,500,000	14 (7 months)	30	29	July 1938	—	08	16	24	600,000
Ymir Yankee Girl	3,000,000	N.P.V.	2,255,005	01	00 1/8	02	Feb. 1936	01	—	—	06	135,590

* Premier holds 1,250,000 Silbak-Premier shares and 1,529,997 Relief Arlington shares in addition to 1,400,000 Tabern shares and 40% interest in Big Bell, Western Australia.

What Mining Means To Transportation

THE importance of mining business to the railroads is very evident in Eastern Canada. In the Porcupine and Kirkland Lake districts of Ontario, three and a half million dollars a year are spent by twenty five mines for the transportation of supplies by freight.

Over fifteen million dollars in freight goes annually into all of Canada's mines by rail.

In the Thunder Bay district of Ontario where the Little Long Lac camp and eleven other mining camps have sprung up, the railroads as well as the airplane play a great part in the transportation of machinery and mine necessities.

The Northern Alberta Railway, transporting mine supplies north of Edmonton, is another provincial line which has had good business because of mining.

British Columbia follows Ontario and Quebec in the size of its gold production, and meets very peculiar conditions of transportation due to the number of mountain ranges in the country.

Mining in British Columbia is a fast developing industry. Pacific Coast base-metal and gold properties yielded \$22,000,000 in gold of a total mineral production for the province of approximately \$68,000,000 in 1939. Direct employment was given to 20,000 persons by mining and indirect employment to almost as many more, for mining is now British Columbia's second industry.

Big Rail Freight

Traffic to base-metal smelters in B.C., especially to the enterprises of the Consolidated Mining & Smelting Co., on the Canadian Pacific's southern line constitutes railroad income of \$5,000,000 a year in freighted ore from the mines of central B.C. and the Kootenay.

British Columbia has been a gold mining area for eighty years, and has seen early placer operations replaced by quartz and hydraulic mining on large and expensive scales.

The province is now a mixture of placer and quartz operations for gold extending from Zeballos, the newest camp on the west coast of Vancouver Island almost on the Alberta border, and northward in the Bridge River, Cariboo and Portland Canal areas.

The Bridge River area just south of the Cariboo country has been mined for 25 years. It now yields \$5-200,000 or more in new wealth annually due to mining under the latest and best conditions. Though the production of the Pioneer mine was closed down during the last quarter of 1939 and first two months of 1940 by labor difficulties, Pioneer produced a million and a half dollars worth of gold and the Bralorne mine \$3,791,000.

The Sheep-Creek-Ymir area of West Kootenay, served by railroad and lake facilities, placed second during 1939, with \$3,500,000 worth of production spread out among such mining properties as Sheep Creek Gold, Kootenay Belle, Gold Belt and Reno in the Sheep Creek camp, and Ymir Yankee Girl and Ymir Consolidated in the Ymir camp.

Mining is a ship-train-plane proposition in British Columbia. One of the areas dependent almost entirely on the sea for its transportation is the Portland Canal region where C.M. & S. Co. has large interests. Portland properties such as Silbak-Premier and the Big Missouri produced \$2,500,000 worth of gold in 1939. This area lies well to the north of Vancouver along the coast, and frequent service by coastwise companies out of Vancouver handles the supplies and machinery taken in and the gold bricks coming out after they are poured.

The Cariboo area itself is by no means worked out. Modernized Cariboo properties are turning out \$2-300,000 in gold annually at mines like Cariboo Gold Quartz and Island Mountain. Convenient rail service has meant much to this area, as to West Kootenay into which the Canadian Pacific's Crows Nest Pass line was completed in 1898 because of gold deposits. Later the Kettle Valley line was built for operators of the Hedley group who now ship ore easily to the Tadanac smelter and send gold to the Assay Office at Vancouver at minimum cost. The Nickel Plate mine and the Hedley-Mascot contributed gold to the value of \$1,760,000 in 1939.

Business for Ships

B. C.'s newest gold mining development is Zeballos, a region with few minor exceptions, still without roads, electric lights, and other furnishings of the modern gold camp. Zeballos, the most actively developing field in the province, has come up from nothing in 1936 to a present rate of gold production of about \$2,000,000 a year from four producers. A remote fishing hamlet formerly occupied by Indians, it is rapidly turning into an up-and-coming modern mining camp. B. C. coast steamships in regular sailings carry in all necessary supplies, whether foods or machinery. Two of these ships, the Princess Norah and Princess Maquinna, also carry passengers and the main traffic between Vancouver and Victoria and Zeballos is by steamers serving the west coast three times a month on a round trip from Victoria to Port Alice.

A more direct route is from Vancouver to Nanaimo by steamer, thence overland across Vancouver Island to Port Alberni, and north from Port Alberni to Zeballos.

Rapidly developing is the new Bed-

well River gold field also on the west coast of the island, near Tofino. There the Pioneer people and Bralorne Mines Ltd. have optioned properties and are developing them. This Tofino group is also served by Canadian Pacific steamships.

Out of eight principal producing fields in British Columbia, seven are served directly by rail or steamship or both. Transportation by rail, steamer and plane in the province has been a vital thing for B. C. miners since the days when they walked or rode oxcarts into the Cariboo district eighty years ago.

Mines Make Business and Build Cities

(Continued from Page 30)

Toronto and Trail offices, comes the construction engineer, with his notebook and pencil for materials, orders to develop the property, the radio transmitter to carry quotations, and \$1,100,000 in cash to bring in a mine. As word of the strike goes around, spots like Yellowknife become boom towns, with twenty occupants in winter, 800 in summer, 70c lettuce and 35c bread. Log huts, tents, pine board two-story houses half completed and awaiting the next lumber shipment, boat piers, arriving and departing planes, and stacks of lumber abandoned in the bush by persons prospecting instead of building, make the town on the frontier.



AERIAL TRAMWAY for the sand back fill at Hollinger. The removal of large bodies of ore leaves great holes in the rock deep in the mine; the law requires that these holes be filled and sand, gravel or crushed rock is used for the purpose.

While the boom is on, into the ground on which his mine equipment is rising, the construction engineer is watching miners go to work, while above them three thousand feet of pipeline, three bunkhouses, offices, warehouses and cookhouses are completed to his plans, and he commences installing the staff apartments, assay office, diesel power house, powder house, dock, and water supply. On squared rock at forty below zero headframes have been put in at these Yellowknife mines.

The Con was the first producing mine on Great Slave Lake, and is operated by the Consolidated Mining

& Smelting Co., of Canada Ltd. The second was the Rycon, located by a midnight dash of two prospectors near the Con property and sold for \$300,000. Eighteen months ago the first 7 1/2 pound gold brick came from them. Now bricks worth more than \$35,000 apiece are flown out regularly. Within four months after its first production, the Rycon had mined \$240,000 in gold. A third Consolidated mine was put in last year.

During February, 1939, the Negus Gold Mines poured its first brick near the Con camp, and within four months was producing 1,700 ounces of gold a month from four of the several veins on its property.

The meaning of gold to this country's future in the North gains weight with the release of information that work is also being readied at North Yellowknife. At Gordon Lake, fifty miles northeast of Yellowknife, a quartz vein has been staked averaging ten feet wide, in places carrying visible gold, and traceable for 2,500 feet. At Pensive, Murray, McDonald and Thompson Lakes, companies are assaying the hundreds of bags of samples collected last summer. Surface work has been done at Beaulieu River, seventy miles northeast of Yellowknife, on a deposit of quartz lenses up to 18 inches wide in a sheared zone 20 feet wide and 2,000 feet long.

Progress is Rapid

At Francois River, Russell Lake, and Wray Lake, other discoveries are being tested. Wray Lake's finds are the most spectacular of all but have yet to prove tonnage and depth before a decision can be made on them.

Yellowknife is growing up fast. There are 7,900 persons in the region now, 1,400 of them whites almost all employed in the mines. Sixty-five companies intent on making new finds to bolster their ore reserves and gold production have been working up and down the country round about. In the summer forty diesel steamers and sixty-six barges service the area, to say nothing of the Northern Alberta Railway, and a new tractor road built through Hay River. Freight tonnage by water increased from 11,000 in 1936 to 25,000 in 1938. Air passengers numbering 11,510 travelled in 27 planes operated by the three lines flying 3,041-131 express pounds of air freight. Half a million gallons of gasoline have been used annually and 1,110,000 gallons of diesel oil.

Gold mining in the North West Territories has come to stay.

Edmonton, Alberta, to the south, is the supply centre and is feeling the same growth that came on Toronto when the Porcupine camp opened. The name of Edmonton's Bay Street has yet to be decided by expanding discoveries in the Territories.

To these newest gold towns, costs are terrific. Transportation by rail is a third higher than on the Prairies. Boats take five or six days to freight in, charge for freight \$5.76 per ton mile. Diesel engine electricity costs \$150 per horsepower year, and in remoter areas using tractor haul, \$200. Power cost at Kirkland Lake in comparison is \$35 per horsepower year.

The way gold has of making cities is having its effect, however. Prospectors are being sent out to locate coal. If successful, their efforts will establish cheap fuel close to the Territories' present mines, and make them major Canadian producers. With lowering costs as production and experience gain, though none of the mines have gone more than 700 feet below ground, more people and lower grade of ore will come into the mining process and populations grow.

Ore-strippers and diamond-drillers, doctors, flying dentists, tarpapered banks and Hudson Bay stores, Eskimo air mechanics, tourists and camera-men are common in these Territories' camps, but the signs of going boom towns and coming gold towns in these new camps are wives come to stay. For in the Territories there are producing mines employing four million dollars in capital, four hundred men, paying \$589,880 in wages, buying \$112,608 worth of electricity, and spending \$290,211 for supplies.



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Progress at our property has continued at a steady pace. We have NOW reached an advanced stage of development. With geology identical to that found at Buffalo-Akerite, Del Norte, Naylor and FAYMAR whose properties are adjacent, we believe JODELO GOLD is earmarked as the outstanding mining investment.

Notice to Shareholders:

It is important to shareholders of JODELO to have their street certificates registered in their own name. Shares should be forwarded to PREMIER TRUST CO., 15 Richmond Street West, Toronto, for registration. Important news about the mine is released to shareholders only.

J. W. RALSTON,
Secretary-Treasurer.

Send for free copy of our 3-coloured geological map and other information to

JODELO GOLD MINES LIMITED
811 KENT BLDG. W.A. 5424 TORONTO

Taxation—Its Effect on Gold Mining

(Continued from Page 28)

ly filing a copy of the syndicate agreement with a Mining Recorder or the Provincial Secretary; and that upon such filing the liability of the members of the syndicate for the debts of the syndicate shall be limited to the extent expressed in the syndicate agreement.

This provision enables prospectors to secure their grubstakers and proceed with preliminary development through the sale of units in these syndicates without having to register with the Commission and will be of material assistance in encouraging prospecting activities throughout the mining districts of Ontario.

Vendors' Stock

For those prospectors making a find and selling it, the consideration for the transfer of the prospect is almost always a large amount of vendor stock, perhaps one third of the capitalization, say a million shares in a three-million-share company, and sometimes, but very seldom, a little cash. Most of this vendor stock is tied up indefinitely in a pool by the Securities Commission of the province in which the find or issue is made, and the people who are financing the property in some cases insist also on a private escrow of the stock for a stated length of time.

(The Securities Commission in Ontario during the past year has also gone a long way in easing the regulations for prospectors and their grubstakers in connection with the escrow of vendors' stock in mining companies, which as a rule take over the claims from a syndicate. Formerly the Commission required full escrow of all vendors' stock, which could be released only with the consent of the Commission. This policy was lat-

er changed to allow release by the Commission of one vendor's share for every four treasury shares sold. The present Ontario Commissioner, however, a year ago, in order to assist prospectors and their grubstakers to capitalize to some extent on their vendors' holdings and thus enable the prospector to continue his prospecting activities, adopted a policy of allowing 10% of the vendors' stock to be free, requiring escrow of the balance, but releasing such balance of the vendors' shares for sale on the basis of one vendor's share for every two treasury shares sold. This present basis of escrow and release would appear to be a reasonable *via media* in recognizing the interests of the prospector and his grubstaker on the one hand, and in the interest of the public who purchase treasury stock on the other, and should enable mining companies to be financed through the treasury without having to face undue competition in the sale of vendors' stock.)

Strange Situation

There exists, however, a strange situation with reference to the Dominion Income War Tax Act concerning a tax which might be imposed at this stage.

The general interpretation which the Department of National Revenue places upon provisions of the Income War Tax Act, including section 32-b, is that where the facts of the case clearly indicate the primary purpose of the organization was to find and develop a mine, the tax does not apply. In other words, if the property is transferred for shares the shares so received are considered simply a change in form of capital asset; then any increase in value is capital increase and not subject to tax in the hands of the syndicate or company.

If however the records indicate that the primary purpose was to buy, sell, or trade in mining shares, mining claims, etc., the organization would be considered as a trading corporation and as such subject to tax.

In this latter case under present unlimited liability the trustee of the syndicate finds himself in the position of owing taxes to the government and having no money to pay them. All that he has left is the stock which he has received for his property. The stock is tied up in a pool and can only be realized upon partly in event of a successful development of the property, and in most cases in the long run becomes worthless. (Protection of the public in event of the latter is the main reason why provincial Securities Commissions require escrow of vendor stock.) Statistics show that not more than one in a hundred of these so incorporated finds turns into a producing mine. Yet the cost of exploration is so high that money cannot be raised for prospecting in any other manner.

Hypothetical Case

One hypothetical case to avoid personalities:

Five small business or professional people put up \$500 each to form a loose association, partnership or syndicate, sometimes without any written memorandum, to back a prospect or in the field. The prospector and the other five people take one sixth of any find that may be made. The amount of money will last for one prospecting season. They are successful in making a find, and transfer their property to a 3,000,000 share company for a million shares of stock.

At this point they can decide whether they wish to be taxed now or wait until they find out whether or not their property is valuable. If they wait until the time the property has become a mine, if ever, the tax would be too great so they elect to be taxed at the time the transfer is made.

The income tax could be calculated as follows:

Income on 1,000,000 shares at 10c \$100,000
Less expenses 2,500

97,500

Allowance for depletion —1/3 32,500

Taxable income 65,000

Total taxes \$11,700

Income tax—18% \$11,700

Excess profits tax 31,370

\$43,430

Calculation of the excess profits tax:

5% on \$2,500—125

\$65,000—11,700—\$53,300

On \$ 125 Nil

On 125 10% 12.50

On 125 20% 25.00

On 125 30% 37.50

On 125 40% 50.00

On 52,675 60% \$31,605.00

\$53,300 \$31,730.50

The five men, who put up \$500 each, and the prospector, who has given his time, will each have to put up in taxes \$7,238. It is conceivable that none of these men is worth that much money. No business man cares to embark on a venture reaching this impasse. The net result is that prospecting is dying. Large mining companies are active in keeping engineering scouts looking for new finds to option, but it is well known that they are not much in favor of sending prospectors into the field to actually prospect for new discoveries. They



WAITING FOR THE CAGE to ascend to the surface, these miners have completed their shift. They are part of three regular shifts, each of which works eight hours. The hoists, cables and other equipment which operates the cages are in constant use and are frequently subjected to stringent tests, for an accident might result in death. The operator acts on a system of signals and is responsible for many lives.

know that the actual prospecting is too great a gamble to take, and prefer to wait until prospects are found before they appear upon the scene.

The greatest difficulty of the situation is the uncertainty. The question as to whether or not such companies and syndicates are subject to tax, lies entirely in the hands of the Department. So much publicity has been given to this particular phase of mine taxation, that a very real apprehension has grown regarding this and even although very few of such organizations have been taxed, as long as the uncertainty remains the apprehension will continue, this condition undoubtedly has had a serious deterring effect upon the raising of money for prospecting and exploration. The Ontario Prospectors & Developers Association has asked for complete exemption on bona fide prospecting and exploration efforts.

On the other hand, individual prospectors working on their own, or for mining companies, are free of income tax on prospecting and mineral exploration.

It is also very difficult for those who are, or think they may be, subject to tax under 32-b to compute the tax to which they are or may be subject. On occasion the Income Tax authorities have changed the settlement of the tax under 32-b is a matter of negotiation rather than definite calculation. The matter of winding up the syndicate's affairs also takes a long time, causing unrest and discouragement.

Excess Profits Tax

On top of all this there is the Excess Profits Tax.

The partnerships, syndicates, and companies engaged in this speculative enterprise of prospecting have no capital to speak of, nor have they any profits in the past which enable them to come under option B, nor have they any profits to look forward to in the future. These concerns have a short life, are practically certain of failure even though they may not know it, yet if they make a temporary success are likely to see from 30% to 50% of their rewards vanish in Income and Excess Profits Taxes.

Diverse economic effects are concerned when the taxation of a producing mine is considered. The rates of mining taxation in various countries as brought out by the Gold Producers Committee of South Africa, in approximate rate of tax are (% of taxable profits):

Australia	21
Canada	30
(on operating income)	
Rhodesia	20
Union of South Africa	47
U.S.A.	26
West Africa	20

During wartime when gold is needed, the utmost care must be taken in the formulation of taxation policies, in order to keep the gold mining industry on a profitable basis. Present rates of Canadian tax, with variation from mine to mine, are:

Dominion income tax—
2/3 of 18% on operating profits
18% on non-operating earnings approximately 12%

Dominion excess profits tax—
50% of profits over average of four years 1936-39, inclusive, or tax on earnings based on capital an estimated 10%

Provincial income tax—
2/3 of 5% of operating profits
5% on non-operating profits approximately 4%

Provincial profits tax—
\$1,000,000—\$10,000 free
—\$990,000 @ 3%
On \$1 to \$5 millions
—\$4,000,000 @ 5%
In excess of \$5,000,000—6% approximately 5%

Municipal tax—
on non-operating earnings approximately 0.5%
Total taxes 31.5%

It must be emphasized that there are certain parts of a mining company's income now subject to five different taxes on the same income. On non-operating income there is no allowance for depletion and the tax is 18%. The Provincial Mines Profit Tax is approximately 4%; Provincial Corporation tax 5%; Municipal tax, generally about 5%; a total of 32%

exclusive of the Excess Profit Tax above, which must be added.

To begin with the general case of producing mines:

The difference between mining and agriculture is that mining yields a permanent store of wealth from a transient source, while agriculture presents a perennial source of perishable wealth.

There is no reason to believe that divine providence guarantees that our supply of minerals will, through fresh discovery and development last for ever, keep pace with increases of population, ensure a constantly progressive economy, or ensure that a particular area will be in constant possession of a standard of life in a fixed relation to other areas. Thus a taxing authority has to decide whether or not it is most interested in getting out gold at a maximum rate, or in regarding itself as a trustee of the wealth stored in the minerals of its realm for succeeding generations of its citizens and the world at large. In other words, whether it is interested in lowering taxes to get out additional gold for foreign exchange from low-grade ores, or in keeping mining communities in existence by taxing gold mines heavily to provide an amortization to build up other industries which may take the place of gold producers in those towns as mines decline.

In so far as gold is almost imperishable, a country will not lose capital in the sense of stored-up wealth by mining gold and creating wealth. It will, however, lose capital if it treats its mining income entirely as net income (i.e. by not providing amortization). If the tax authority is to argue for amortization, it must prove (1) that capital is by reason of outside investment of amortization funds actually diminishing, or that shareholders provide in internal investment no, or insufficient, amortization; (2) that the proceeds of taxation are actually spent on capital and not on income; (3) that the losses in ore in areas pushed out of production by taxation are not too great to balance the net gains of the policy in other directions.

Effect on Investment

Insufficient statistics have been released to determine the first, either for or against. The second premise is untenable since the income from gold mining is admittedly used to add to the income of groups of the population, such as farmers, other than gold miners. The third in normal times appears to be a heavy debit on the argument.

When the expansion of a mining industry is desired, the effect of taxation on mining investment must be considered.

In general, if a find has a good grade of ore, there is no trouble in raising capital to develop it. However, as has been shown, the mines which have been brought into production in the last seven or eight years have not been discoveries in new areas, but prospects which have become workable due to the rise in the price of gold from \$20.67 to \$35 an ounce; or else prospects discovered by underground exploration in existing mines. Due to the ordinary risks of mining, as will be shown mines with such intermediate grades of ore face economic restrictions on investment entirely outside the taxes levied on them. The extra hazard raised by these restrictions is expressed in part in the number of mines lost between first work and eventual daily production.

Problem in Valuation

Since a mine consists finally in the ore it can be made to release from the earth, the opening and preparation of a mine involves a complex problem in valuation of the mine, and the use of a speculative rate of interest on its success, as explained in full detail in the treatise on investment and gold supply published by Dr. W. J. Busschau, in the Oxford Studies in Economics.

As a whole, ore is potential wealth rather than wealth in the form in which it will finally enter into the streams of commodities which represent income. As potential wealth, its value at any point in time will depend on the immediate valuation of its future income as estimated at that time. The dividends of a mine represent the periodic payments in time like those of an annuity. The pre-

(Continued on Page 39)

Entering Production April, 1940

President
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Buffalo, N.Y.

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Detroit, Mich.

Secretary
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TRANSFER AGENT AND
REGISTRAR
GUARANTY TRUST CO.
OF CANADA
TORONTO, ONTARIO

AT A time when the increase of Canada's gold production has become a matter of such national importance, it is gratifying to announce that according to present plans, Faymar Porcupine Mine will be producing in April.

Construction of a 200-250 ton mill is well advanced and will be completed during March.

The satisfactory results which have consistently followed the launching of development on the Faymar property in October, 1937, made this a key undertaking, watched with keen interest by the industry in view of its influence on the district. On the basis of results to date, this has been one of the year's most significant advances in the Porcupine area.

FAYMAR PORCUPINE GOLD MINES, LIMITED

(No Personal Liability)



Favorable results are being obtained from underground development on the 250-foot level. It is planned to continue sinking to the 500-foot level toward the latter part of March.

Yama
GOLD MINES Limited
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171 Yonge St.

Toronto, Ont.

Gold's Importance in Wartime

(Continued from Page 29)

that the gold industry remains after fifty-nine years the basis of the Union's prosperity. The tremendous distribution of funds directly and indirectly through the country in working costs amounted to £52,000,000 in 1938, and was higher by £6,000,000 in 1939.

Exports of gold bullion, the produce of the Union, amounted to seven million ounces in 1939. Value at the time of export was about fifty million English pounds, all of it consigned to the United Kingdom. The extent to which South African gold can contribute to the Empire war chest in London can be deduced by corresponding figures for 1937. Then 11,768,913 fine ounces were sent to Britain, valued at £84,751,159.

Gold is Scattered

Gold is scattered in many countries throughout the Empire. Newfoundland, British Guiana, Kenya, Tanganyika, Tasmania, and New Zealand are all producers of minute amounts. India, Rhodesia and British West Africa, have larger mills. New Guinea is becoming an important producer. Australia has the largest production of gold outside of Canada and South Africa. Its mines produce almost three quarters of the 2,105,137 oz. supplied by Oceania in a year—mostly the mines of Western Australia.

During 1939, 15,120 men were employed in gold mining. Government assistance of Australian prospectors is very strongly maintained. During 1938, 725 men were thus assisted in the field, and from this source, the state of Western Australia has augmented its gold production by 26,000 fine ounces. Other government aids to the industry include public crushing plants operated by the State, essential for the purpose of crushing and treating ore mined by prospectors, and also serving as test plants for companies until formations are proved. Public crushing plants have treated since their inception in 1936 gold valued at £9,977,148, and the value of the plants to gold production can be determined from this two year record. From these public plants Southern Australian states have recovered by cyanidation of residues during the past six years 50,000 oz. of gold. Loans for the development of mines, mining schools, and geological investigation of the state's goldfields have all been continued under government auspices with marked success. Geological Survey of Northern Australia is the title of a mining de-

partment making aerial surveys, and geological investigation with its own magnetic, self-potential and gravimetric equipment as well as motor-generator sets for electrical methods—the latter having proved of marked value in new fields.

The government assistance given to prospectors is very real in Australia. Assistance to the mining industry in Victoria provided by the Department of Mines is given first by the director of Geological Survey and his technical staff at no charge. Then there are 26 state crushing batteries, as well as 6 operated by private trusts, for cheap crushing facilities. Concession rates to bona fide prospectors are given in cases of low yields or long cartage.

Loan of plant at nominal rate is carried out, including hand and power and boring plants, and hand and power pumping plants.

Assay and laboratory treatment of specimens is carried out free for prospectors.

Aid in Exploration

Assistance is given to mining parties, prospectors and companies as follows: The Department of Mines issues prospecting equipment, including tents and tools, etc., a prospector's guide and a railway ticket to an approved locality to unemployed men. The conditions provide that at least one member of the party must be an experienced miner. Arrangements can be made by men on relief to have their payments made at the centre nearest the locality in which they are prospecting. Since 1931, 17,072 men have been assisted, and at the present time over 1,000 men are out prospecting under this scheme.

Mining grants are available only to men registered at a Labor Bureau for employment, or on relief. A party of two or more men who hold a registered claim may apply for a mining grant from money provided by the Unemployment Relief Fund. If the claim is approved by the local Mining Inspector, an advance may be granted to provide an allowance of £1 per week for each member of the party continuously employed in carrying out an approved program of development work. In addition to money grants, ropes and explosives are also provided if recommended by the Inspector. In the last ten years 6,421 advances were made to individual miners, parties, and syndicates, at the present time about 100 men are receiving mining grants.

A third scheme, carried out with

the assistance of the state and Commonwealth governments, provides for financial aid in mining developments for holders of mining leases (including syndicates and companies) by which an advance is made without interest on a £1 for £1 basis, from the fund thus established. Allotments from this fund to the end of 1938 totalled £A76,000 of which £A66,068 were actually disbursed.

In aggregate the production of the southern states of Australia was nearly 150,000 fine ounces in 1939. Consistent gold production was the feature of the south, in Victoria especially, and the steady operation gave a good deal of confidence in the future permanence of many of the mines. In several instances discoveries of considerable importance were made, as the outcome of earlier developmental programs. Improved outputs coupled with continually encouraging prospects, in spite of dry conditions which seriously retard mining operations.

Three out of every four men working in Victoria were occupied in gold mining, and from the point of view of shareholders, 1938 was the best year since 1914, with more than a quarter of a million pounds paid in dividends.

Western Australia attained record production in 1938 at 1,167,792 fine ounces and 1939 production was about 45,000 ounces above that. This was mainly due to increased production at East Coolgardie Goldfield. The main companies operating on the Golden Mile (Kalgoorlie) namely Lake View, Star, etc., all reported good returns. Increases of production took place in East Murchison, Murchison, Mount Margaret, Yilgarn and Dundas fields. Dividends paid by companies in the area during 1939 were £A1,103,244 on gold valued at £A10,364,024.

Production in N.S.W.

Production in New South Wales was also a record with 96,212 oz. coming up. The majority of mines in the state operate on low grade ore, and depend on modern mining methods to ensure production.

Queensland refined 167,000 ounces. New Guinea has also become a major gold producing area, accounting for 200,000 ounces in 1939 in spite of heavy floods and difficult climatic conditions. The installation by air transportation of a new dredge increased the yield.

British India produces annually between 300,000 and 330,000 ounces.

Production following the outbreak of war in 1939 was maintained:

GOLD OUTPUTS, KOLAR DISTRICT, INDIA—1939

	Sept. Total Oz.	Oct. Total Oz.
Champion Reef	5,124	5,915
Mysore	8,150	8,415
Nundrydroog	7,179	7,453
Ooregum	4,595	4,515

Ore reserves at Champion Reef were about half a million tons averaging 11.15 dwts. During the year the work of supporting stopes with granite filling proceeded satisfactorily. The efficacy of this granite filling in the mine has been proved by the satisfactory way in which it has withstood several heavy rock bursts. Filling the stopes with granite blocks built up by hand to form a solid mass has raised the cost of working only 10% in the last five years. Another method used to combat the hazard of rock bursts is to stope the ground in accordance with pre-arranged sequence. Levels are also supported with steel rails.

In 1938, the deepest point in the Ooregum Mine was 8,631 feet vertically below the surface. In winter the wet bulk temperature at the bottom is 15 deg. Fahrenheit. This compares with the August temperatures of 70-90 deg. Fahrenheit. Other mines on the Kolar goldfield are 7,000 feet below the surface.

Rhodesian production of gold in 1939 was below that of 1938 but still in the neighborhood of 800,000 fine ounces.

Gold is Strength

In their financial aspects, where gold's part is played, the cost of wars is too gargantuan for any but governments to dissect. The flow of millions, day after day, must be maintained behind the flow of men into the front line, the discussion of tactics, and the shock attack.

Yet something of the cementing effect gold has on the various branches of the Empire is revealed above. Even more of it is shown by direct comparison of British production and that of other nations. The Federal Reserve Bulletin for February, 1940, gives the following summary of gold production:

Wealth must be husbanded in war, for the dissipation of energies leads by attrition to exhaustion and defeat. This is the principle on which each of this year's wars are being fought. That England and France are prevailing against the enemy east of the Maginot Line is due in good part to confidence in the front line that the sinews of the Empire and the Allies are strong, the powder dry, and the supply lines in operation.

And gold's direct connection with this gathering strength of the Empire can be felt more strongly in Canada than almost anywhere else. For this industry of the prospectors, promoters and mining engineers is an Atlas amongst us, carrying on its shoulders the burdens of war.

A Source of National Strength

¶ Our operations will shortly enter upon their 30th productive year. They have drawn from the earth, and distributed among people of many walks of life, over 275 millions of dollars. The whole national economy has been made richer and stronger, the artisan, the farmer, the merchant, the railwayman, people of all kinds have enjoyed the benefits.

¶ The present marks a new peak in productivity, and it is interesting that it should coincide with a time of great usefulness. Last year four millions of dollars were expended upon taxes and supplies, nearly six millions were expended upon payroll, with 3,000 men finding year round employment.

¶ A source of strength to the nation is this enterprise—85% owned in Canada, and distributing virtually 100% of its operating costs within the borders of the Dominion. Like many other constructive enterprises, it is making an important contribution to the progress and well-being of the country.

MINE AND HEAD OFFICE - - - TIMMINS, ONTARIO
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and

ASSOCIATED COMPANIES

Executive Offices:

25 King Street West

Toronto

AUSTRALIAN GOLD OUTPUT—1939

	September		October	
	Tons	Value £	Tons	Value £
Blackwater (N.Z.)	—	2,182*	—	16,926
Boulder Pers. (W.A.)	9,460	14,355†	—	—
Bulolo Gold (N. Guin.)	8,028	17,838*	—	—
Central Norseman (W.A.)	8,028	36,670	8,242	42,576
Comet Mine	482	4,514	—	—
Cons. Gold Areas (W.A.)	3,908	586*	—	—
Gladiator (W.A.)	2,358	7,371	—	—
G.M. of Kalgoorlie (W.A.)	8,620	2,934*	8,605	2,470*
Golden Horse Shoe (W.A.)	53,130	24,653	51,840	15,883†
Gt. Boulder Prop (W.A.)	37,555	83,019	—	—
Kalgoorlie Ent'pse (W.A.)	—	—	—	—
Lake View & Star (W.A.)	56,344	114,032	—	—
Lancefield (W.A.)	12,907	25,750*	12,926	24,225
Martha Gold (N.Z.)	15,624	35,597*	15,450	4,010*
Mount Magnet (W.A.)	5,065	6,048	—	—
North Kalgoorlie (W.A.)	11,407	31,192	—	—
Parlunga (W.A.)	6,919	16,634	—	—
Sons of Gwalia (W.A.)	13,038	3,843*	11,216	3,616*
South Kalgoorlie (W.A.)	10,090	21,594	—	—
Tindals Gold (W.A.)	5,789	12,523	5,633	4,615†
Triton Gold (W.A.)	9,545	29,552	9,351	27,184
Victoria Gold (Vic.)	—	2,340*	—	1,467*
Waronga (Emu, W.A.)	3,850	9,297	—	—
Wiluna (W.A.)	50,070	74,646	—	—
Yellowknife	4,411	19,295	—	—
Yuanmi	6,155	15,735	—	—
(W.A.—Western Australia)	—	—	—	—

(W.A.—Western Australia)
†—Profit.
*—Oz.
1939 increase over 1938, approximately 45,000 oz.

RHODESIAN GOLD OUTPUTS, 1939

	September	October	Life in years from 1939
Tons	Ounces	Tons	Ounces
Bushick	14,930	2,484	2,719
Cam and Motor	25,600	£55,296	26,200
Fred Mine	4,300	£1,370*	4,300
Globe & Phoenix	6,100	4,028	—
Loneley Reef	15,000	1,578	15,000
Rezende	8,500	£15,870	8,500
Sherwood Starr	8,400	£10,100	8,500
Wanderer Consolidated	39,400	4,291	40,500

*—Profit.
West African gold production in British possessions was above average:

WEST AFRICAN GOLD OUTPUTS—1939

WEST AFRICAN GOLD OUTPUT, 1959				
	Tons	Oz.	Tons	October Oz.
Amalgamated Banket	13,010	£11,199*	13,450	£11,258*
Ariston Gold Mines	16,250	£62,177	17,500	£63,194
Ashanti-Adowomena	8,773	1,330		
Ashanti Goldfields	19,507	21,959	19,506	22,208
Bibiani	23,500	7,237	23,750	7,360
Gold Coast Banket	10,420	2,645	10,303	2,849
Konongo	10,436	4,346	12,374	2,849
Marlu	56,790	£59,884	57,120	£59,791
Taouah and Abosso	20,650	5,550		

*—Profit.
Canada's production of more than five million ounces came in most part from Ontario:

MONTHLY OUTPUT OF ONTARIO GOLD MINES—1939

	Tons Milled	Value \$	Gold Ozs.
Porcupine Belt			
Jan. to Sept. 30	3,800,242	34,326,407	964,674
October	445,228	4,129,918	114,086
November	439,527	4,495,832	116,602
December	448,139	4,556,844	118,248
Total	5,133,136	47,809,001	1,314,210
Kirkland Lake-Larder Lake Belt			
Jan. to Sept. 30	2,131,321	28,020,324	786,707
October	246,228	2,818,176	87,657
November	236,296	3,002,997	77,849
December	251,810	3,167,854	82,155
Total	2,859,655	37,572,351	1,034,368
Matatchewan-Sudbury-Timagami-Southeastern Ontario			
Jan. to Sept. 30	499,911	2,445,960	68,438
October	54,920	275,107	7,126
November	52,459	254,815	6,596
December	55,360	285,421	7,406
Total	662,650	3,261,303	89,566
Northwestern Ontario (Includes Algoma, Thunder Bay, Patricia Fortior, Kenora and Rainy River Districts)			
Jan. to Sept. 30	1,498,035	14,574,447	408,033
October	183,010	1,917,057	49,712
November	190,658	2,107,145	55,307
December	192,078	2,257,374	57,847
Total	2,063,779	20,856,023	569,852
Total for Ontario			
Jan. to Sept. 30	7,929,574	79,377,439	2,228,136
October	923,386	10,003,258	259,181
November	916,338	9,860,789	255,307
December	947,387	10,267,493	265,656
GRAND TOTAL	10,719,285	\$109,508,979	3,008,280

Why Gold is Cornerstone of World Economic System

(Continued from Page 26)
 teration in exchange rates. For many months, perhaps for years, the economic position of large groups of American producers, including farmers, would be worsened and there would be widespread unemployment. The combined effect upon the American domestic economy of a sharp drop in exports and of increasing competition in the domestic market would be keenly felt. Domestic prices would begin to fall. Many corporations would suffer losses of business and profits. In times like the present these short-run effects—and by short-run it is meant from a few months to several years—are of paramount importance. To brush them aside, as some are prone to do, on the ground that in the long run appropriate adjustments will take place, is to ignore the unstable world in which nations exist and the real prob-

lems which confront them from day to day.
 Moreover, should the United States reduce the price of gold, and should the reduction result in an outflow of gold there is no reason to believe that the countries who most need gold would get it. On the contrary, were gold to leave the United States it would probably find a resting place in the very countries whose currencies would for the moment appear most secure. Certainly no gold would flow to the Latin American countries in any substantial amount, nor would the Far East and the Balkans obtain more gold. The loss of gold by the U. S. would not correct the serious maldistribution. It would operate rather only to take away from the United States which has too much and add it to the holdings of countries which likewise have too much, or control means of producing it.

Thus we are confronted with the fact that though the United States would like to receive less gold and get rid of substantial amounts of gold it already has, there is, under the existing circumstances, no acceptable alternative to the policy that America has been pursuing. In the case of all proposals examined by the U. S. Treasury for the redistribution of gold, the remedy has always been worse than the disease. The best way to reduce America's gold inflow on commodity and service account is, the Treasury believes, for the United States to have a full recovery so that its imports will rise more rapidly than exports.

More Than Needed

For the first monetary use of gold, then, the United States now has very much more gold than needed to provide a specie base for the American money system. America now has enough to permit a twelvefold expansion of credit and currency even after generous allowance for the outflow of gold that might accompany such an expansion is made. But it is desirable that the reserves be above the minimum required by law, as they are. Otherwise in a period of business recovery the limitations on the expansion of notes and deposits which the gold reserve would impose would operate to curb the rise of business activity, or an outflow of gold would tend to initiate a contraction of credit, irrespective of the legitimate needs of business in the United States. It is clear, therefore that some excess of gold above the legal minimum is needed by the States to protect its economy against effects of fortuitous inflows and outflows of gold. America now has, however, more gold than is necessary to insure this protection.

For the second and more important monetary function of gold, that of settling international balances among nations, gold has been used since time immemorial, and modern governments have found as yet no satisfactory substitute.

Nor is there any sign that a satisfactory substitute will be found in the near future.

Important commercial countries which carry little or no gold stocks have difficulties in settling their international payments. They have to see to it that their imports and exports are maintained in a certain relationship to each other. To achieve that and to keep foreign exchange rates from fluctuating wildly, they frequently have to maintain strict exchange controls so as to restrict merchandise imports and the movement of capital.

The Small Countries

Small countries which are not precluded by political and prestige considerations from holding their reserves in the form of foreign exchange assets, can get along more or less satisfactorily without gold. But they can do so only because those countries whose currencies they hold as reserve assets do have large amounts of gold reserves.

Some countries (operating with very little gold or foreign exchange assets) have been pointed to as illustrations of the phenomenon that countries can carry on a foreign trade and settle international transactions without resort to gold, and that gold is rapidly becoming obsolete even for this monetary role. Those who make this claim completely misread the experience of these countries. These countries do in fact need and prize gold more and seek it more anxiously, than do countries which use gold freely to settle balances of international payments. It is their inability to obtain gold which forces them to adopt a far less satisfactory alternative method of adjusting their balance of international payments—namely, the adoption of strict exchange control, of clearing agreements, of barter schemes, and the imposition of severe penalties against evasion and all the other business and liberty destroying procedures necessary to make the system work. There is no one thing which demonstrates more effectively the superiority of gold as a means for settling international balances than the experience of those countries which have tried to get along without it.

Gold's Utility

Without either gold or exchange controls, exchange rates would be very unstable. Any change in the balance of payments would have to be taken care of by international borrowing or lending, or the exchange rates would have to move to the point where the sums to be paid and the sums to be received were equated. Because the United States has abundant gold reserves it does not need to apply exchange restrictions, and broad changes in its balance of international payments can take place without interfering with the stability of dollar exchange.

All these points in favor of gold have been granted by some critics who maintain that to fulfill both of these monetary functions much less than \$17.6 billion of gold would suffice. There is some merit to that contention, yet the future of international political and economic relations is much too uncertain to justify the taking of steps by the United States which would be necessary if

NET CAPITAL MOVEMENT TO UNITED STATES SINCE JANUARY 2, 1935

(In millions of dollars.)

TABLE 1.—TOTAL CAPITAL MOVEMENT

From January 2, 1935, through	Total	Increase in foreign banking funds in U.S.		Decrease in U.S. banking funds abroad	Foreign securities: Return of U.S. funds	Domestic securities: Inflow of foreign funds	Inflow in brokerage balances
		Total	Central bank funds in N.Y.				
1935-December 31	1,412.5	603.3	9.8	593.5	361.4	316.7	6.0
1936-December 31	2,608.4	930.5	81.1	849.4	431.5	917.4	12.9
1937-December 29	3,410.3	1,168.5	243.9	924.6	449.1	1,162.0	47.5
1938-July 27	3,000.2	735.8	115.2	620.6	438.1	1,149.7	57.7
August 31	3,067.3	803.2	111.6	691.6	460.6	1,125.3	60.6
September 28	3,452.9	1,161.2	168.0	993.2	477.2	1,125.4	64.1
October 26	3,622.2	1,298.9	205.3	1,093.6	406.3	1,182.4	56.2
November 30	3,709.2	1,392.1	220.1	1,172.1	472.7	1,194.4	51.5
December 28	3,779.2	1,432.7	216.3	1,216.5	478.1	1,210.9	47.6
1939-January 25	3,812.6	1,421.4	187.3	1,234.2	500.9	1,188.4	57.2
February 22	3,940.7	1,517.8	239.6	1,278.2	535.0	1,190.6	59.8
March 29	4,134.7	1,693.0	256.8	1,436.2	550.5	1,180.6	63.9
April 26	4,479.6	1,934.4	240.9	1,693.5	611.8	1,202.9	73.0
May 31	4,570.8	2,041.5	302.1	1,739.5	599.8	1,209.2	72.7
June 26	4,595.6	2,048.1	361.8	1,686.5	609.5	1,199.3	74.0
July 26	4,615.4	2,066.2	301.2	1,765.0	609.0	1,180.0	82.3
August 30	4,865.3	2,334.2	371.6	1,962.6	622.6	1,165.7	85.0
September 27	4,958.7	2,412.4	485.1	1,927.3	621.8	1,164.4	83.1
October 25	4,885.3	2,437.0	442.9	1,994.9	549.3	1,130.6	78.5

NET CAPITAL MOVEMENT TO THE UNITED STATES SINCE JANUARY 2, 1935—Continued

(In millions of dollars.)

TABLE 2.—TOTAL CAPITAL MOVEMENT, BY COUNTRIES

From Jan. 2, 1935, through	Total	United Kingdom	France	Netherlands	Switzerland	Germany	Italy	Other Europe	Total Europe	Canada	Latin America	Far East	All Other
1935-Dec. 31	1,412.5	554.9	210.2	114.5	130.4	36.6	24.0	130.0	1,200.6	150.5	70.9	128.3	12.7
1936-Dec. 31	2,608.4	829.3	299.5	229.7	335.5	83.1	43.6	228.5	2,051.3	150.5	201.2	184.0	21.4
1937-Dec. 29	3,410.3	993.7	281.7	311.9	607.5	123.9	22.1	312.2	2,653.0	106.3	410.6	224.6	15.9
1938-Dec. 28	3,779.2	1,186.1	359.5	324.6	554.0	140.7	33.0	463.8	3,041.7	157.2	399.5	156.8	34.1
1939-Jan. 25	3,812.6	1,142.1	352.9	330.5	566.7	140.4	29.7	488.3	3,050.6	164.0	390.5	168.0	39.5
Feb. 22	3,940.7	1,180.5	366.3	350.5	579.0	145.3	25.5	476.9	3,124.0	171.7	403.6	202.3	39.2
Mar. 29	4,134.7	1,301.3	366.8	383.6	587.6	150.2	24.7	536.8	3,352.9	185.1	445.5	206.4	46.8
Apr. 26	4,479.6	1,303.3	421.6	435.4	595.6	146.9	26.0	595.9	3,494.7	216.8	480.6	231.4	56.2
May 31	4,570.8	1,337.6	431.1	391.1	595.5	148.7	29.1	606.5	3,539.4	241.0	507.4	226.4	56.6
June 26	4,595.6	1,360.2	439.7	401.0	599.2	149.5	29.5	604.2	3,583.3	240.5	507.4	223.8	57.9
July 26	4,615.4	1,312.9	441.9	407.6	607.0	150.1	30.9	616.9	3,567.1	248.8	512.3	224.1	63.2
Aug. 30	4,865.3	1,326.3	473.4	412.1	647.2	148.8	26.1	665.1	3,699.1	291.8	536.1	259.4	78.9
Sept. 27	4,958.7	1,368.1	459.4	448.9	671.1	151.1	32.3	681.2	3,812.2	300.9	528.0	276.4	76.2
Oct. 25	4,885.3	1,301.4	430.9	446.8	686.5	159.1	48.0	710.3	3,785.1	239.0	522.2	260.2	80.8

GOLD MOVEMENTS

(In thousands of dollars at approximately \$35 a fine ounce)

Year or month	Total net imports or net exports (-)	Net imports from or net exports (-) to:											
		United Kingdom	France	Belgium	Netherlands	Sweden	Switzerland	Canada	Mexico	Colombia	Philippine Islands	Australia	All other countries
1934	1,131,994	499,870	250,223	8,902	94,348	12,402	86,829	30,270	16,944	12,038	1,029	12	76,820
1935	1,739,019	315,727	934,243	3,351	227,185	968	95,171	13,667	10,899	15,335	3,498	65	75,268
1936	1,116,584	174,093	573,671	3,351	71,006	2	75,111	72,648	39,966	11,911	21,513	23,280	77,892
1937	1,985,503	891,531	1,170,700	90,859	6,461	6	54,452	111,480	38,482	18,397	34,713	181	246,464
1938	1,973,569	1,208,728	81,135	15,488	153,049	60,146	1,363	76,315	36,472	10,557	27,880	39,162	101,687
1939	3,574,151	1,826,403	3,798	165,122	341,618	28,715	86,987	612,949	35,610	23,239	74,250	22,862	165,605
October 1938	562,366	443,403	42,959	41,832	3,840	1	10,810	2,236	4	2,720	3,294	46	5,740
November 1938	177,268	99,145	17	22,242	1	1,136	7,271	1,457	11	2,943	7,888	16	5,788
December 1938	240,526	101,707	37,395	46,185	1	731	2,550	2,107	2,655	6,788	27	14,425	1,797
January 1939	156,345	52,050	1,438	1,688	33,678	2	10,842	2,342	2,089	2,754	6,583	33	37,819
February	223,281	165,377	1,430	22,256	3,840	-47	10,842	2,342	2,089	2,754	6,583	38	5,466
March	363,384	230,042	816	37,179	27,098	8	8,227	6,852	3,822	4,234	3,326	4,305	10
April	605,797	384,925	21	84,603	44,564	8	55,680	7,665	1,649	2,114	2,179	4,844	100
May	429,404	302,667	21	41,651	41,449	2,284	12,066	2,050	2,117	2,594	2,295	41	10,931
June	240,430	128,196	2	55,081	17,191	3,280	5,644	17,191	3,280	2,107	3,843	5,677	50
July	278,636	177,805	1	45,534	10	5,628	15,196	4,150	2,123	3,022	3,034	50	10,938
August	299,921	165,738	2	34,229	3,956	2,120	3,956	2,120	2,775	3,689	2,290	52	10,931
September	326,074	162,450	86	1	1	1,482	120,837	653	2,102	3,947	5,474	11	16,425
October	69,726	10,182	28	2,990	5,113	2,990	9,940	1,794	3,188	8,420	2,142	12,497	2,703
November	167,980	18,536	28	8,781	15,132	2,990	65,067	1,445	2,117	2,645	12,295	10,449	7,487
December	451,172	10,412	28	31,526	19,743	5,119	308,773	3,972	2,116	2,645	9,885	20,101	7,292

GOLD MOVEMENTS—Continued

(In thousands of dollars at approximately \$35 a fine ounce)

Year or month	Total net imports or net exports (-)	Net imports from or net exports (-) to:											
		United States	France	Germany	Belgium	Netherlands	U.S.S.R.	Australia	South Africa, Rhodesia, West Africa	British India	Other British countries	Sweden	All other countries
1934	716,299	-497,166	348,190	121,017	-13,585	32,575	931	41,790	335,253	236,693	62,397	-9,123	88,228
1935	369,722	-435,502	142,137	-2,725	-17,476	10,796	931	37,981	404,295	181,602	32,754	-50,661	53,465
1936	1,169,931	-276,830	736,215	23,232	-15,133	-21,215	26,723	488,814	128,421	28,067	10,129	-10,129	3,998
1937	423,421	-534,095	541,187	46,147	-16,572	19,965	24,165	464,837	66,330	22,079	-16,596	-55,032	37,708
1938	-285,638	-1,050,395	38,899	33,173	348,000	-46,463	115,540	27,831	333,750	55,744	20,761	-89,371	-78,029
1939-Dec.	-66,725	-97,371	758	2,057	-898	9,990	5,649	525	7,358	1,815	531	1,511	1,347
1939-Jan.	-36,514	-50,814	-3	-33	211	-253	5,672	681	5,671	304	1,374	-3,790	704
Feb.	-148,095	-160,218	-68	11	396	779	5,613	736	3,451	151	-1,101	-1	399
Mar.	-259,984	-306,839	-183	88	25,477	1,039	16,866	1,039	5,539	1,417	-1,148	-12	3,845
Apr.	-121,088	-352,518	-1,431	27	106,451	19,146	12,656	4,805	47,875	417	73,394	-425	3,994
May	-244,077	-287,262	-252	4,018	2,038	49,004	5,631	143	45,394	2,975	-145,856	-3,793	32,921
June	-51,531	-127,233	-412	38	415	22,968	8	52,636	2,388	911	2	153	-3,318
July	-147,332	-182,145	-330	1	196	8,836	38,423	38,423	3,078	607	1,138	575	14,393
Aug.	-318,511	-223,370	2,691	1	-2,491	-11,275	55	49,120	4,606	-114,284	4,966	-4,618	-8



SAFETY of its workers is one of the prime concerns of every mine management. Here, at Hollinger, a mine captain examines the record of the time lost through accidents. One of the many devices for impressing miners with the need of "taking care", this chart is prominently displayed.

Safety in Mining is Big Business

(Continued from Page 31)

There are three mine rescue stations in Ontario, at Timmins, Kirkland Lake, and Sudbury. Each of these stations is designed to provide living quarters for a training supervisor, garage, and "smoke room." In these gas-tight rooms training is given to miners in the use of masks in irrespirable atmosphere. A long observation window for the training supervisor opens into each of the rooms, in which crews of five wearing masks and apparatus are trained in mine rescue while performing strenuous labor. When the weather is favorable rock is shovelled, sand screened, and other mine chores performed while apparatus is worn.

Rescue Equipment

The rescue equipment of each station is made up of:

- 12 sets of 2 hour, self-contained oxygen breathing apparatus
- 12 all service gas masks
- 24 self rescuers
- 2 carbon monoxide detectors
- 1 air sampling accessory
- 2 safety lamps
- 12 Edison electric cap lamps
- 2 H. H. inhalators

In preparation for emergency calls equipment sufficient for ten hours of continuous rescue work is kept boxed for transportation. The speed with which the men operate after training in cases of mine fire and carbon monoxide fumes is sufficient testimony to the training's usefulness.

Wire hoist rope is used extensively in mines. The Mines Act provides in Ontario for tests every six months of the hoist ropes in each operating mine. In the basement of the grey skyscraper at Queen's Park, Toronto, a rope testing machine with a pull of over a million pounds is working every day to determine whether wire rope in Ontario's mines is still fit for service or has passed its peak in strength. The machine, weighing over 94,000 pounds, is run by a reversible electric motor on a supply of 550 volts, 3-phase, 25 cycle, fitted with continuously rated slip rings and controlled by a drum-type stator and rotor starter. As it exerts its pull, by means of an autograph it records graphically the amount to which the rope stretches as each thousand pounds is added.

Method of Testing

Lengths of wire rope in operation in mines beyond the boundaries of Ontario are shipped to this largest Canadian testing machine. The core of the rope is removed from its ends after it has been cleaned, and ends are soldered to the rope in socketting stands with molten metal from a furnace operated close by.

Hoist ropes to be tested are placed in the machine. As power is applied to tear them apart, canvas curtains are drawn across the two open faces of the machine to protect the concrete wall and steam pipes from flying shreds of metal. Power is applied continuously until the rope reaches the limit of its elasticity. At that point a 1 1/2" rope has probably stretched 3.2 inches under a breaking load of 325,000 pounds. Continuous application of another 2,500 pounds of power will stretch the rope another tenth of an inch. A dry, preliminary snapping of wires is heard, and as the pull goes on, one, two or more of the rope's strands shatter with a heavy report like a gunshot. The accuracy of the machine is such that a weight of two pounds will cause an appreciable rise in the measuring steelyard, having set in motion a mass of weighing machinery of about 16 tons.

Copies of the graphs made for the ropes of each mine are kept by the

Department of Mines. The mine operators receive precise duplicates, so that the record of these semi-annual tests can determine the length of service of their ropes and prevent them from having hoist accidents. More than six hundred and forty tests were made in 1938.

Taxation

(Continued from Page 36)

sent value of a mine, then, in the case of a mine fully equipped, will consist of the future dividends discounted to that point of time. This statement is accurate only if dividends are arrived at after making good the capital depreciation. The present value, it is now seen, is a function of the life of the mine, since this is the 'spread' of dividend payments, of the speculative rate of interest (which will be defined), and of the amortization of capital. The speculative rate of interest will vary with the degree of risk involved, and with the investor's demands for reward for his services of uncertainty-bearing. On the whole, the speculative rate of interest is likely to be greater than the pure, or safe, rate of interest.

The safe rate of interest gives the degree of preference which investors attach to present income as compared with future income. If there were no preference, there would be no rate of interest, or if future income were preferred to present rate of income, the rate might be negative, since the investor would be prepared merely to secure the right to income for the future (an example of this last often occurs in time of financial instability when a frightened holder of income hands it over to another for safe keeping). The speculative rate of interest, then, is made up of the safe rate of interest multiplied by the risk factor.

Analysis of Risk

Analysis of the risks involved in mining investment must distinguish between mining and financial risks.

Mining risks are classified by Herbert Hoover as the risks of continuity of metal content beyond sample faces; of continuity of veins through blocks estimated; of successful metallurgical treatment; of metal prices; of properly estimating costs; of extension of ore beyond exposures; and of management.

Working costs arise from these risks; costs of development, stoping, transport, treatment, mine administration, maintenance, and city office expense.

On the financial side there are risks of capital expenditure; such as purchase price, cost of preliminary development, and cost of plant and equipment.

The risk factor in both of these contains elements during the life of a mine relating to (a) potential profit on the investment before production commences; (b) insurance against risk of capital; (c) insurance against loss of income; (d) payment for supervision of investments; (e) a potential profit sufficient to attract investment into the speculative undertaking.

To any authority interested in the expansion of gold production, it is evident that in the case of gold mining, the general questions of valuation and of the margin of investment paid to attract capital are in high degree complicated by the influence of grade, and the effect of taxation on grade and scale of operation must be determined.

Mining investment by the very

nature of the mining operation is a speculative process, despite the fact that uniform geological structure in some fields diminishes the risk.

Mining operations are carried out not on a small scale but over large areas. This means that heavy taxation considerably reduces the size of outlay and hence of the extractive plant employed. Smaller plants must mean a higher grade of ore. If the ore proved is low grade, the mine fails. Thus there arises a loss of certain low grade ores which would otherwise be worked. This restriction is a diminution of the amount of gold and of the real capital the discoveries may be said to represent. In total such losses of low grade can be important.

Potential investors in mining concerns expect high potential returns. High taxation of low grade fields, for instance, effectively retards the rate of new investment in these concerns by reducing the possibility of high rewards.

In the opening up of quite new areas, capital expenditure becomes part of the marginal cost and taxation of any kind by reducing rewards to too low a level can discourage investment in, and the exploitation of, these areas.

Security, Too

The effect of taxation in other cases will depend on the effect on the marginal increment of investment. For investment to take place, the return offered by the marginal increment must at least equal the marginal rate demanded by the shareholder. In this way the amount of fixed capital employed will be determined. This means the determination of the size of the extractive plants in the field, and will effectively determine the scale of operations, since it will pay to work plants to capacity. Practical considerations prevent the miner from reaching swift rates of exploitation in a short time. One of these is the desire of investors for security of investment; an investor prefers a mine where development shows sufficient reserve for years of operation. Another consideration is the rate of installation of equipment, which tends not to be above the average need during the certain life of the mine.

For both prospective and producing mines revision of taxation should take into account:

1. Statement of the basic motive of the tax, and of the term of its continuation.
2. Any new tax should achieve greater simplicity of calculation and administration as compared with the old taxes, and not merge in undesirable fashion taxation undertaken with different motives.
3. As between mine and mine the distribution of the tax burden should not be arbitrary, and should take into account the ability of mine reserves to change grade, with discoveries of higher grade pockets, or large veins, of ore.
4. In amount, if new taxation is meant to increase the yield of taxes, it must not be at the expense of the marginal mines whose production is just as necessary to the total production as those of the non-marginal mines.
5. The equity of any graduation scheme as it affects the liability of separate mines should be of the type which will allow the tax to have the same effect on all. Rebates, etc., should not disturb the equity and cause disproportion.
6. Decision should be made as to whether the tax is to be one (a) changing with the rate of profitability, or (b) one which has as its motive the bringing in of new mines or of low grade prospects now known.

The Gold Problem Today

(Continued from Page 27)

ment, for example, has nationalized such holdings; short-term assets must be offered to the government, securities cannot be sold without its consent, and, if sale is authorized, the proceeds must be relinquished. These amounts in addition to gold, are being used in paying for purchases by the British and French in the United States.

When the war is over, if it lasts for any length of time, the \$17.6 billions of gold which the U.S. now has, and that which it may receive from now on, is likely to be without large foreign claims against it.

It is interesting to speculate about the ultimate fate of the United States' \$17.6 billions of gold. The most satisfactory way to reduce the pile would be through the development of a world situation in which the United States would lose gold as the result of excess purchases of goods and services from abroad.

Ultimate Disposition

It is too optimistic, however, to think that much gold would flow out in this way, partly for the reason that few countries after the war will be in a position to acquire gold rather than goods from abroad. They will be in need of materials and capital for reconstruction and the fulfillment of deferred demands will probably occupy their own productive resources fully and also create a need for foreign made groups.

Under such circumstances a flight of capital from the United States, which is hard to conceive due to that country's comparative stability in this

warring world, or investment abroad, which is not likely to assume large proportions, would offer the only occasion for losing gold. Some post-war stabilization loans may conceivably be made, but the amounts involved are not apt to be large.

It seems, therefore, that the problem of the United States' huge gold stock is likely to stay with it for a long while, and that it may even increase—if gold continues to flow into the country. No simple solution to the problem can be devised. The ultimate solution will have to be a part of the answer to the much broader problems of restoration of world stability and international trade. It will also be bound up with rationalization of the United States' own economy.

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LEITCH GOLD MINES LIMITED

(NO PERSONAL LIABILITY)

Authorized Capital - - - - - 3,000,000 shares
(\$1.00 Par Value)

Issued Capital - - - - - 2,850,005 shares

OFFICERS and DIRECTORS

President - K. J. SPRINGER, Toronto
Vice-President - W. E. SEGSWORTH, Toronto
Secretary-Treasurer - H. J. MACKAY, Toronto
Director - RUSSELL CRYDERMAN, Sudbury
Director - DR. J. H. C. McCLELLAND, Mimico
Mining Manager - A. D. DICKSON, M.E.
Consulting Engineer - W. E. SEGSWORTH, M.E.
Registrars and Transfer Agents - CHARTERED TRUST & EXECUTOR COMPANY, Toronto

Head Office and Mine - - - - - BEARDMORE, ONT.
Executive Office - - - - - 67 YONGE ST., TORONTO, ONT.

MADSEN RED LAKE GOLD MINES LIMITED

(No Personal Liability)

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Vice-President — FRED R. MARSHALL
Secretary-Treasurer — W. G. HUGHSON

DIRECTORS

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I. F. HELLMUTH, K.C.
WM. R. ASKWITH
FRED R. MARSHALL
MAJOR-GENERAL D. M. HOGARTH
MARIUS MADSEN

Resident Engineer — E. G. CRAYSTON

HEAD OFFICE:
67 Yonge St., Toronto, Ont.

MINE OFFICE:
Madsen, Ont.

LITTLE LONG LAC GOLD MINES LIMITED

OFFICERS

JOSEPH ERRINGTON..... President
THAYER LINDSLEY..... Vice-President
G. G. BLACKSTOCK..... Secretary-Treasurer

DIRECTORS

JOSEPH ERRINGTON..... Toronto, Ont.
THAYER LINDSLEY..... Toronto, Ont.
D. M. MORIN..... Sudbury, Ont.
A. B. GORDON..... Toronto, Ont.
D. M. HOGARTH..... Toronto, Ont.

PRODUCTION

Since Beginning of Operations in November, 1934

Year	Period	Tons Milled	Gross Production	Value Per Ton
1934	Nov. to Dec. 31	1 Mo.	4,715 \$ 85,480.39	\$18.129
1935	12 Mos.	62,073	1,108,147.61	17.852
1936	12 Mos.	83,555	1,500,791.86	17.961
1937	12 Mos.	98,025	1,630,532.49	16.633
1938	12 Mos.	97,015	1,525,141.78	15.925
1939	12 Mos.	106,777	1,699,181.84	15.913

HEAD OFFICE

Room 1300, Canadian Bank of Commerce Bldg., Toronto
Mine Office, Little Long Lac, Ontario

LAKE SHORE MINES LIMITED

YEAR BY YEAR, mining has ascended in importance as a major Canadian industry. This year, more than ever, all eyes turn to it for national support, not only in producing that vital commodity gold, but in stimulating activity in countless other fields of progress. The important part Lake Shore Mines play in providing a market for Canadian goods and Canadian services is exemplified in the accompanying figures.

In order to evaluate more fully the contribution Lake Shore Mines make to Canadian industry, a list of the company's supply purchases made between 1918 and 1939 is given below:

SUPPLIES AND EQUIPMENT PURCHASED

	TOTAL TO DATE
EXPLOSIVES	\$2,165,617.00
LUMBER AND TIMBER	3,294,978.00
ROCK DRILLS AND PARTS	832,559.00
PIPE AND FITTINGS, PLUMBING SUPPLIES	767,082.00
ELECTRICAL SUPPLIES	1,083,559.00
MILL SUPPLIES	3,763,641.00
MACHINERY AND PARTS	4,507,303.00
BUILDING MATERIAL	871,883.00
FUEL	473,890.00
STEEL PRODUCTS	2,184,339.00
OIL AND LUBRICANTS	260,782.00
GROCERIES	604,247.00
TRUCKS AND CARS, AND PARTS	74,279.00
MISCELLANEOUS	1,945,343.00
BACKFILL	781,363.00
POWER	4,593,792.00
	\$28,204,657.00
Freight and Express included in value of above Materials	\$ 2,160,829.00

Head Office and Mine Office:

KIRKLAND LAKE, ONTARIO



ROUYN-NORANDA, with Noranda Mines in the background. Fourteen years ago the Rouyn district was unbroken bush; to-day the thriving towns of Rouyn and Noranda lie at the beginning of a "strike" which is destined to support the longest stretch of mines in the world. And mining towns adapt themselves to miners' hours, running full blast 24 hours of the day; even banks operate at night.

Medical Care of Miners

(Continued from Page 33)

up to the age of 16. Funeral expenses of \$125 are paid, as well as sanatorium and surgical costs, by fixed rates.

Mechanical aids to safety in the mine play their part, but the main thing is education of the men, constant supervision, and sustained active interest in safety among mining managements.

The actual cost of accident compensation and medical aid was \$28.30 per man employed in the industry, during 1937. In 1938, it was \$33.08. This covers the above, all industrial diseases as well, with the exception of silicosis which is administered from a separate fund assessed on a different basis.

The average assessment for silicosis for the ten years prior to 1937 has been 15c per dust shift—a "dust shift" being a shift worked in dust exposure. This does not include surface men and mill men, and in October, 1939 had been reduced to 10c per d.s.

Converting this into rates per \$100 of payroll, the present rate has fallen from \$1.40 per \$100 to \$1.00.

Combining accident and silicosis rates, we get the total rate of \$3.75 per \$100 of payroll for 10 years 1927-37, as compared with the present combined rate of \$2.75. On a \$50,000,000 payroll this represents a substantial saving.

Approximately 40% of the total men employed work for firms which have a rate of only 0.11 lost time accidents per 1,000 man-shifts. (A lost time accident is one in which the workman is unable to return to work the following shift.) This means that, with the present record maintained, an employee may expect to work 30 years in the industry with only one accident involving lost time.

Group Insurance

As a pointer on the trend, one company took out group life insurance on its men five years ago at \$14.20 per \$1000. The present rate, at \$10.24 is, as stated, beneath that which many chain stores are able to obtain.

Unfortunately for the rest of Canada, all this has taken place within the industry in the North and has not travelled south. The part concerning the rest of us has emerged during the last two years, in the Hollinger plan.

In June, 1937, the employees of the Hollinger Mine balloted to avail themselves of an association to give themselves and their families and dependents complete medical services with choice of doctor.

The Hollinger Employees Medical Service Ass'n., was formed.

This was in contrast to a medical contract in existence, whereby the employee, in return for a payroll deduction every four weeks, received for himself alone medical care, hospitalization, and X-ray services. Only one person in every ten in Canada can afford to pay to rescue himself from the sicknesses overtaking him. The Hollinger plan took care of the man, the family and dependents, while the previous contract was terminated. The operation of the Association was drawn up to be carried on by a board of directors, consisting of an equal number of employee members and doctors.

The average number of persons registered under this association is 9,300; consisting of 3,100 employees, and 6,200 dependent wives, sons, daughters, etc. A survey in April, 1939 showed that there were 9,329 persons registered with the plan.

Of these, 907 were single employees without dependents; 455 had a family of two; 574 had three; 468 had four; 275 had five; 155 had six; 113 had seven; 42 had eight; and there were 26 with nine, 15 with ten, 7 with eleven, one with twelve, and

one with thirteen. These are the total families which include dependents. Outside of the immediate families including men, wives and children, there are 210 dependents included in the above figures. This number varies as men are employed, dismissed, etc.

There are forty-nine doctors resident in the Porcupine district, of whom forty-five are members of the Association. Thirty-three of the number of offices are represented in these forty-five doctors.

Contribution by the employee to a central fund is made by a single payroll deduction for each employee for each period of four weeks, or 13 deductions each year. There is no graduated scale of deductions according to the size of family. The single employee without dependents contributes \$1.75 every four weeks. The married or single employees chip in \$2.65 every four weeks. Except for the first three months, the mine management has contributed \$1 an employee every four weeks. The money received in the first year amounted to \$123,144, and the second year, \$136,129.

Distribution of Funds

Distribution of the funds is carried out by the payment of hospitalization, nurses, X-ray, administration, etc., in full, and the remainder of the fund is distributed among the doctors after their accounts are checked by the Medical Executive Committee. Paid for hospitalization in the two years has been 16.1% of collection, for X-ray 3.6%, nurses 2.4%, and administration 5.4%, leaving a remainder for the doctors of 72.5%.

This amount has paid the doctors' accounts of 70% of the Ontario Medical Association tariff, the Ontario Medical Bulletin reports. An approximate figure, since in the administration costs have been included items such as special drugs, special services, and payment for radium and X-ray therapy. The Hollinger mine has also augmented the fund by collecting the finances without charge, furnishing special printed forms, distributing statements and carrying out secretarial work.

The Hollinger plan operates under an agreement which may be amended from year to year by deliberation between two committees, which together form the Board of Directors. Matters concerning both patient and doctor are covered by the operative agreement, and the basis of practice under such an association as this is that which any professional man would carry on in his or her private practice. There are no conditions set up to restrict the doctor's practice, and payment is made through a central office supervised by the Medical Executive Committee, one of whom is the medical supervisor.

Direct Supervision

Hospitalization of patients is under the direct supervision of each individual doctor. There is no time limit and the plan is responsible for ward accommodation only. Hospitalization is looked on as part of treatment, and not of the cure.

Nursing services are supplied under the direction of the doctor in charge of the individual case. It so often happens in private practice that a nurse is very essential during the treatment of a serious case, and the difficulty arises in the provision of such a nurse through lack of money to pay her. The policy is to provide the nurse where necessary, and for the necessary length of time only, to ensure that the patient recovers. As well, the plan provides a nurse for each obstetrical patient for the period of delivery up to twelve hours in any home, whether or not the patient is regarded as an abnormal case.

Obstetrical cases are admitted to the hospital if this is considered necessary by the doctor handling the case. If considered to be a normal case the patient may be permitted to go to the hospital on her own responsibility and at her own expense. This provision for abnormal obstetrics only is a matter of necessity, as no form of medical services could estimate the amount required to properly hospitalize obstetrical patients in lieu of poor housing conditions in the mining camp.

Sufficient medical attention is given in the home, office, or hospital. The Association recognizes necessary surgery only. All major surgery is carried out after consultation, and report considered and passed by the Medical Executive Committee. Obvious acute emergency surgery is carried out as the need arises.

Cases of cancer, etc., not coming within the scope of the ordinary general practitioner or surgeon are referred to outside centers for treatment and hospitalization, if necessary. The responsibility of the Association is only with the hospital or surgeon as the case may be, but not with any transportation or outside expenses. (It is interesting to find, by the way, that with the growth of the camp and the increasing average age of individuals, the number of cancer cases is increasing rapidly.)

Each medical member and nurse signs an agreement that he or she is willing to abide by the rules of the Association. Another caution taken is the medical examination to determine the condition of dependents, other than the immediate family whom an employee may wish to register on the plan. This is done to make sure that no chronic disease is admitted that would bring the Association a heavy burden out of proportion to the average risk.

Cost of Service

Deaths among the group for the first year amounted to 21%, and in the second year 23.2%. This was regarded as being too high for the ordinary incidence of illness in any community, and this year in order to control unnecessary house or office visits to employees and their families an additional 50c is deducted from the payroll of the employee or the member of his family who demands more service during the period, or \$1 maximum where more than one member of the family has to see the doctor.

On the basis of the 9,300 persons registered with the Hollinger plan, the cost of service to each individual per year is:

House	\$ 3.10
Office	4.15
Surgery	3.42
Consultations28
Nursing37
Hospital	2.10
X-ray57
Administration81
	\$14.80

The experience among the Hollinger employees and their dependents indicates that this plan is functioning very well indeed, and that results to date are gratifying. The total amount of money spent in 24 months was more than \$250,000, at the end of which time Hollinger workers and their families were in the position to say that all the hospital, nursing, X-ray bills and medical bills for themselves and their families were paid. If such a condition were made possible for the people of Canada, the Ontario Medical Bulletin concluded health would be a different story among us and a great number of the difficulties of the practice of medicine would be removed.